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INTERNATIONAL
Herald Tribune

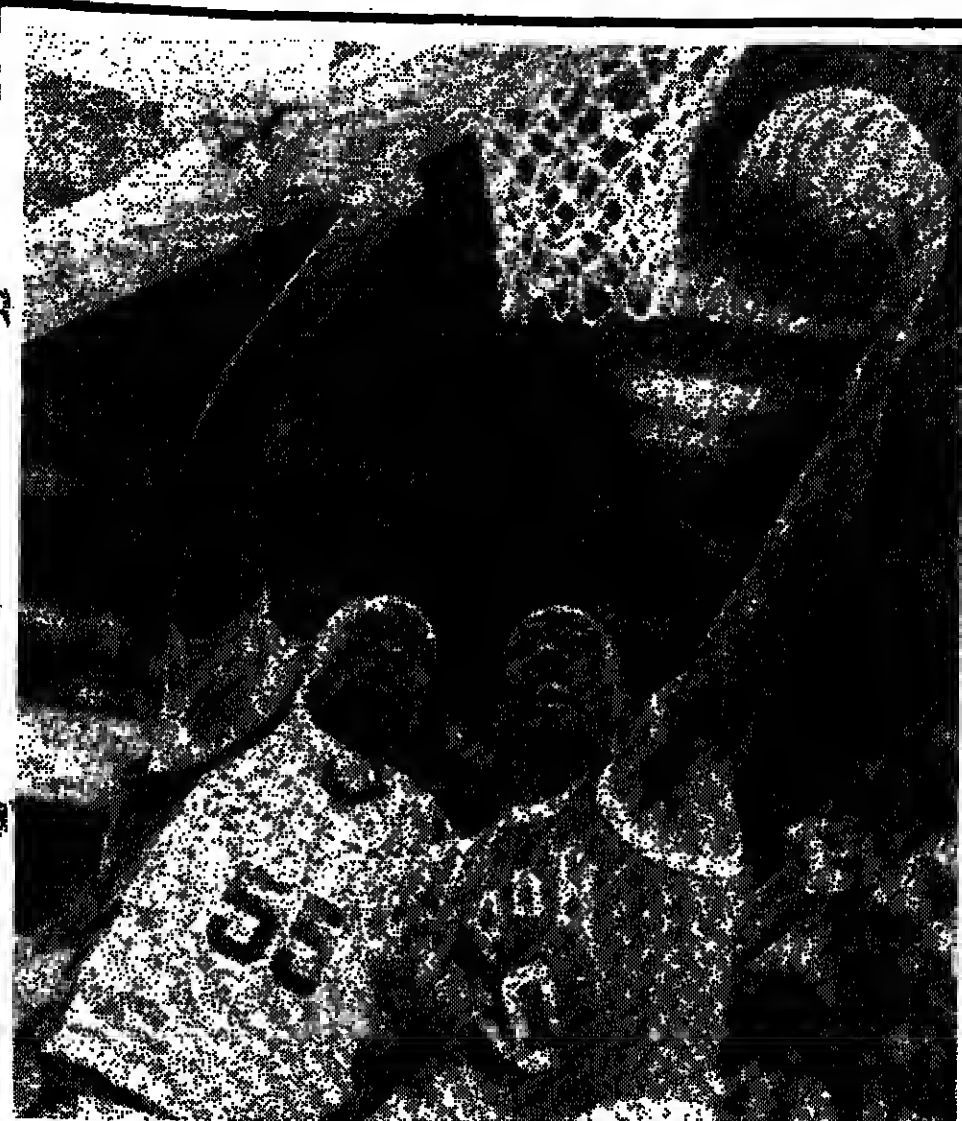
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ESTABLISHED 1887



Georgetown Advances to NCAA Regional Semifinals

Tim Singleton of Notre Dame had trouble scoring against the 7-foot, 2-inch Dikembe Mutombo as Georgetown won, 81-74, on Sunday in the NCAA East Regional. The Hoyas, a tournament favorite, got 34 points from the senior guard Charles Smith in gaining the semifinals. Page 13.

Election
Violent in
Salvador

At Least 18 Die
In Fighting That
Curtails Turnout

Compiled by Our Staff From Dispatches
SAN SALVADOR—At least 18 persons were killed Sunday in El Salvador in fighting between troops and guerrillas that kept voter turnout down in the presidential election.

Twelve guerrillas, two soldiers and one civilian were killed in fighting in 10 provincial towns, according to military officials and witnesses. A Dutch television journalist and two press photographers also were reported killed.

Early voter turnout appeared diminished by the fighting and by a transport ban imposed by leftist rebels. But Roman Catholic churches were crowded with Palm Sunday worshippers, at least some of whom planned to vote later.

By midday, there were long lines at polling stations in central San Salvador. Turnout was light in smaller towns. No elections have been scheduled in 24 towns in areas controlled by the rebels.

Mortar and rocket fire could be heard throughout San Salvador as guerrillas in the Farabundo Marti National Liberation Front attacked positions around the capital.

Armed forces helicopters swooped over the city to fire rockets at about 100 guerrillas who were attacking a civil defense post in the northern neighborhood of San Ramon.

Seven candidates are running in the elections, but only two are given any chance of winning. They are Alfredo Cristiani, a businessman from the rightist Nationalist Republican Alliance, and Fidel Chavez Funes, a lawyer and technocrat who leads the governing Christian Democrats.

About 1.8 million Salvadorans are eligible to vote. If no candidate receives an absolute majority, there will be a runoff of the top two finishers. President Jose Napoleon Duarte is constitutionally barred from running for re-election.

In their attempt to disrupt the vote, the guerrillas have brought much of El Salvador to a standstill. Sabotage of utilities has left most of the country without power or water for the past few days and

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Mr. Yeltsin's supporters carrying a sign that reads: "Yeltsin, People's candidate, Vote for Yeltsin."

Marchers
Support
Yeltsin

Thousands Cheer
Rebel Populist
At Moscow Rally

By Michael Dobbs

MOSCOW—Chanting "down with party bureaucrats," several thousand supporters of Boris N. Yeltsin marched through the center of Moscow on Sunday to demand a halt in official attacks on the city's former Communist Party chief.

The demonstration, which ended outside city hall and a block from the Kremlin, came a week before nationwide elections for a revamped Soviet parliament. Removed as Moscow's party chief in 1987, Mr. Yeltsin is running for a citywide constituency against a candidate with strong official backing.

While public demonstrations have become far more frequent occurrences in Moscow over the past year, the scale of Sunday's march clearly took authorities by surprise. A line of police buses was drawn up across Gorky Street to prevent the crowd's breaking through to Red Square.

In another reflection of Mikhail S. Gorbachev's policy of *glasnost*, or openness, newspapers on Sunday published the first details of a secret Communist Party ballot in more than 60 years. The tabulated results of elections for a block of 100 reserved seats in the new Congress of People's Deputies showed that 12 out of 641 prominent Communists had voted against the Soviet leader himself.

The largest number of negative votes went to Yegor K. Ligachev, widely regarded as the most conservative member of the Politburo leadership and Mr. Yeltsin's arch rival. The tally was 78 against and 563 for.

The most prominent reformer remaining on the Politburo, Alexander N. Yakovlev, received 59 negative votes.

"This shows that the Stalinist conception of a monolithic Communist Party leadership is now dead," said Stephen Cohen, a U.S. scholar of party history and a current visitor in Moscow. "It's a very important step. You can't build a personality cult on negative votes."

With party leaders allocated their own special seats in the new legislature, popular interest in the March 26 election has focused on a handful of symbolic contests between conservatives and proponents of change. Mr. Yeltsin has attracted particular attention because of his skill in projecting him-

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Perestroika: Adjusting Course

If Gorbachev Can't Claim Success, Neither Has He Failed

By Bill Keller

New York Times Service

MOSCOW—In the jury of journalistic opinion, from New York to London to Moscow, the verdict on Mikhail S. Gorbachev's policy of *perestroika* these days is that it has failed.

Looking at the shambles of Soviet industry and the paucity in Soviet shops, few Soviet watchers would consider this an eccentric judgment. Mr. Gorbachev pointed to the failures in agriculture last week as the Communist Party approved his new farm policy.

Mr. Gorbachev has just completed the equivalent of an American presidential term, and he can count himself lucky that he has no opponent to confront him with the American campaign question: Are people better off than they were four years ago? Freer, perhaps. Less fearful, certainly. But materially better off? Not noticeably.

Still, not succeeding is not the same as failing, and the difference is more than wordplay.

Failure suggests that something ambitious has been attempted, has run its course and has fallen short. *Perestroika*, as Mr. Gorbachev calls his attempt to modernize this

backward superpower, is still in the process of testing and tinkering. "They're writing the book on how to create a socialist market system," said Ed A. Hewett, a Brookings Institution economist who specializes in the Soviet Union.

Mr. Hewett, who is no Pollyanna

NEWS ANALYSIS

on the Soviet economy, suggests that Mr. Gorbachev is not doing badly at all for a man setting out on a journey of perhaps 30 years without maps or compass.

Each of Mr. Gorbachev's economic initiatives has undergone sharp midcourse corrections. When foreign companies shied away from Mr. Gorbachev's offer of joint ventures, the government liberalized the terms, allowing foreigners to own a controlling interest. When a tax law threatened to smother private businesses in their infancy, the law was rewritten.

Jerry Hough, a Duke University Sovietologist, calls Mr. Gorbachev's economic program a series of "rolling experiments."

"Each time they pass a very cautious law, on joint ventures or co-operatives, a lot of people take that

as a defeat for Gorbachev," Mr. Hough said. "But the fact is, that's intelligent. You pass a limited law and run it a year to see what the bugs are. Then you begin to radicalize it."

He noted that the Soviet gross national product had grown by a modest 2 percent a year (by U.S. estimates) under Mr. Gorbachev, a performance comparable with that of some West European countries.

"I don't think things have gotten worse," Mr. Hewett said. "It's just that people thought things were going to get better, and so they feel cheated."

But behind the unrelenting gloom, there are signs that *perestroika* is alive. It should be noted that these are silver linings in a very dark thunderhead.

Here are a few reasons not to write off the experiment—yet.

Agriculture

Mr. Gorbachev started out in 1985 sounding like a conservative on farm policy. His first major initiative as Soviet leader was to marry the various food industry bureaucracies into a megaministry called Gosagroprom.

Last week he conceded that this

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U.S. Terror Warnings Faulted

The Associated Press

WASHINGTON—Terrorism warnings issued by the Federal Aviation Administration before the bombing of Pan Am Flight 103 over Scotland were largely ineffective and sometimes "dangerously inaccurate," the head of a House subcommittee said Sunday.

Representative Canine Collins, an Illinois Democrat and chairman of the House Government Operations subcommittee on Government Activities and Transportation, voiced the criticism in releasing an analysis of 33 security bulletins issued by the aviation agency between Jan. 1, 1988, and Feb. 16 of this year.

The panel found that at least six of the security bulletins contained information that might be linked to the bombing of Flight 103, in which all 259 people aboard the plane were killed, along with 11 on the ground.

A widow tries to cope with the void left by her husband's death on Flight 103. Page 3.

ground. Investigators have concluded that the jet was blown up by plastic explosive hidden inside a radio cassette player.

"Regrettably," Mr. Collins said, "these and other FAA bulletins were sometimes untimely, some-

times dangerously inaccurate and almost completely devoid of effective and specific instructions for countering possible threats. Some bulletins recommended actions that were pointless or even absurd."

"Taken as a group," she added, "the FAA bulletins failed to provide meaningful guidance to airlines faced with the risk of terrorist attack."

The subcommittee focused particular attention on a warning written on Nov. 18, following the arrest in West Germany three weeks earlier of members of the Popular Front

See REPORT, Page 2

American Colleges Are Rushing Japan

By Fred Hiatt

Washington Post Service

NAKAJO, Japan—Eureka College is opening a Tokyo branch, its glossy brochure enticing young Japanese with a chance to attend "the same college from which President Ronald Reagan graduated."

Not far away, the Los Angeles County College system has linked its fortunes to a Japanese hairdressers' school to create Tokyo American College, specializing in liberal arts.

And in this snowy, isolated town

between the mountains and the Sea of Japan, Southern Illinois University is planning roots. A long way from the trees and lakes of its expansive and modern Carbondale, Illinois, campus, the school has established a facility in a cramped and slightly dilapidated Japanese recreation hall.

American universities are flocking to Japan—to raise money, recruit students, forge ties with Japanese industry and broaden their international appeal. From Georgetown University to the Uni-

versity of Nevada-Reno to the Ringling Brothers and Barnum & Bailey Circus clown school, many have already established a presence in Japan.

As many as 151 more are clamoring to join the academic gold rush, according to Kouichi Muramoto of the U.S.-Japan Committee for Promoting Trade Expansion. The committee was formed by Representative Richard Gephardt, Democrat of Missouri, and others to help shrink the trade imbalance, but it has become primarily a

matchmaker between U.S. schools and small Japanese towns like Nakajo, offering themselves as campus towns.

"I think one of the last truly great things left in the United States is our education system," said William F. Sharp, dean of Tokyo-based Temple University Japan, which came here in 1982. "And while I certainly don't want to imply it's a commodity to be bartered, it is something we can

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In Desperation, East Bloc Takes the Cue

By Joseph Fitchett

International Herald Tribune

BUDAPEST—"I have been over into the future, and it works," the American journalist Lincoln Steffens exclaimed after a visit to Russia in 1919. Seventy years later, there are unmistakable signs that "the future" is becoming

past. In the last few historic weeks, Eastern Europe's moribund communism has been given a state burial in many countries. Driven by economic desperation and heeding the liberalization introduced by President Mikhail S. Gorbachev of the Soviet Union, governments in Hungary, Poland and Yugoslavia take new steps almost daily to abandon their systems of centrally planned economies and Communist Party dictatorships.

The cue for this rupture with the Communist past is coming from the Soviet Union. In another blow to Lenin's revolution, Mr. Gorbachev last week changed the national farm policy, insisting that household farmers become "lords of the soil."

Reversing decades of emphasis on collective farming, Mr. Gorbachev, a former agricultural minister, said that the new policy was "nothing

less than a practical and theoretical revision of the present socialist ideas of property."

Going beyond Mr. Gorbachev's goal of *perestroika* to rejuvenate communism, some East European governments have publicly acknowl-

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edged that their systems have deteriorated too far to be reformed. Instead, leaders in these countries say, the system must be replaced by more democratic governments and freer markets.

The package is designed to gratify revived national pride in these countries and to attract Western help—a combination that would have been unthinkable before Mr. Gorbachev's arrival as general secretary in March 1985.

And the change is being welcomed by the West. Visiting Hungary last week, Lothar Spaeth, a leader of West Germany's governing Christian Democrats, praised "the tremendous speed of reforms," telling an audience of government officials and foreign diplomats that Hungary's example "opened up entirely new perspectives" for countries that have had their system of government imposed on them by the Soviet Union since World War II.

The political earthquake has been set off by Eastern Europe's collapsing economies. The technological gap between the East's heavily indebted economies and prospering Western Europe grows wider every year. With no hope of help from backward Soviet industries, East Europeans fear they are being relegated to Third World status.

By offering what are for them unprecedented political concessions, these Communist governments hope that they can cope with what a U.S. expert calls "a pre-revolutionary situation" in Poland and Hungary that could spill over into civil war and eventually a Soviet crackdown. By sharing power or starting multiparty democracies, the governments hope to obtain enough popularity to push through economic modernization measures that would initially involve high unemployment—a problem never officially tolerated in Communist countries.

Open repudiation of Communist dogma has gone furthest in Hungary, where the governing party, officially known as the Hungarian Socialist Workers Party, has invited opposition groups to form parties with a view to becoming

See COMMUNIST, Page 4

Kiosk

Eastern to Hire Replacements

WASHINGTON (UPI)—Eastern Airlines said Sunday that it would begin hiring permanent replacements this week for pilots who refuse to cross the picket lines of striking machinists.

Eastern, which has been virtually grounded since the start of the strike on March 4, has placed advertisements in newspapers across the United States seeking pilots with at least 1200 hours of flying time.

MONDAY Q&A



Neelie Smid-Kroes, the Netherlands transportation minister, seeks revised liability rules for international air transport. Page 2.

Business/Finance

A U.S. dispute with Latin America may hold up development capital. Page 7.

Crossword Page 9.

Romeo Gigli, Time to Take a Bow

The Shy Italian Designer Makes a Dramatic Debut

By Suzy Menkes

International Herald Tribune

PARIS—An orgy of cheers, tears, clapping and foot-stamping greeted Romeo Gigli's debut Paris show, but the shy Italian designer stayed out of sight.

"I just can't believe this is happening," he whispered as the tide of congratulations washed back-stage.

"The best Romeo Gigli show I have ever seen—"

PARIS FASHION

emphatically a star is born," said Charles Galley from Los Angeles.

"It was a terrific show," said Marvin Traub, chairman of Bloomingdale's, "and extraordinary to see such versatility and imagination."

"It was really so incredible, I can't get over it," said Dawn Mello of Bergdorf Goodman, one of several seasoned pros in tears. The store's chairman, Ira Neimark, said Bergdorf would enlarge the Gigli boutique and give the designer international star status.

Gigli, 39, has been Italy's rising star since he showed a collection of quiet, elongated knits in March 1986—bucking the Milan trend of strident, sharp-shouldered sportswear. Brought up in Bologna and trained as an architect, Gigli did his first fashion designs in 1972 and set up his own label—manufactured by the Novara-based company Zamasport—in 1983.

Gigli's achievement on Saturday was to combine rich colors and elaborate decoration with simple, modern shapes and to outshine the avant-garde designers, who have been in fine form during French fashion's long weekend.

The ovation was for his restraint with an exotic Byzantine theme, for handworked embroideries and for a personal and poetic vision—expressed by angel-sweet models, their hair twisted into tiny braids, their feet encased in flat slippers.

The fashion message was that one single exquisite work-of-art piece sends a lightning charge

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Romeo Gigli, inset, and his brown crushed velvet coat with an embroidered bird scarf.

Taut Nerves Follow Friday Stock Slide

The Associated Press

NEW YORK—Traders on their way to work in the securities markets on Monday may be worrying about the economic outlook and wondering, "Is history going to repeat itself?"

Several conditions last week, including a large drop in stock prices, were similar to events that occurred before Black Monday, Oct. 19, 1987, when the stock market collapsed.

The markets have been nervous for months about inflation and the prospect that the Federal Reserve Board would continue to drive interest rates up to curb prices and cool off the U.S. economy.

Full-fledged anxiety emerged Friday, after the Labor Department said U.S. inflation at the wholesale level soared 1 percent in February, the second month in a row that prices rose at that rate.

The news unleashed a storm of selling in the New York stock and bond markets. The Dow Jones average of 30 industrial stocks fell more than 48 points, and bond prices slumped, sending the yield

on the bellwether 30-year Treasury bond to 9.29 percent from 9.11 percent. (Page 9.)

Bond traders were so upset by the inflation report that they totally disregarded the strength of the dollar on Friday. Recently, the credit markets have shrugged off news of higher interest rates, which usually sends bond prices lower, because the dollar rose. High short-term interest rates make the dollar attractive to international investors, and the increased value of the currency

was seen as positive for holders of dollar-denominated bonds.

To some observers, Friday's performance bore a disquieting resemblance to Oct. 16, 1987, the Friday before Black Monday. That day, the Dow Jones industrial average lost 108 points in a precursor to its 508-point collapse three days later.

Could it happen again?

"A crash-type situation is conceivable," said Robert Brusca, chief economist with Nikko Securities International, noting, "Over-

seas, things don't look any better."

"Japan has a currency that's falling and an economy that's running at a high rate of speed," he said.

Japan faces high inflation because it is dependent on oil imports, and petroleum prices recently have climbed. Mr. Brusca said. European nations face similar problems, he added.

But Raymond Stone of Merrill Lynch Capital Markets discounted chances of a repeat of October 1987. "There is one difference," Mr. Stone said. "Before the crash, the dollar was heading south." But, he said, "the dollar has been firming the last several days."

"I wouldn't go too far in making a comparison," he said.

Economic fundamentals aside, there is little chance of a precipitous decline in stock prices such as on Black Monday because safeguards have been implemented as a result of the collapse. For example, on Friday, price limits on stock-index futures on the Chicago Mercantile Exchange were used for the first time since being imposed last year.

What Kind of Europe?

The 12 countries of the European Community are now well on the way toward establishing a single market by the end of 1992. But what kind of Europe will it be?

In a series of three articles starting Tuesday, the IHT looks at whether Britain will be left behind as the other countries pursue further economic and monetary integration; what the single market means for Europe's social structure; and the implications for neighbors of the EC in both Western and Eastern Europe.

Airline Liability: A Call for Change in 1929 Pact

Nellie Smid-Kroes, the minister of transportation of the Netherlands, has begun a campaign for revision of the 1929 Warsaw Convention, which sets liability terms for international air transport. The convention was amended by the Hague Protocol in 1955, and the United States and some other countries belong to the 1966 Montreal Agreement, which sets higher liability limits. Mrs. Smid-Kroes talked with Barry James of the International Herald Tribune.

Q. Why do you want to reform the convention?

A. It is hopelessly out of date in some important areas. It has been nearly 15 years since the last major changes were proposed to the Warsaw Convention and they have still yet to come into force. The more generous limits of liability they propose are already in danger of being outdated. Very often, lengthy and costly lawsuits occur because of the complicated Warsaw system. I think governments have a responsibility to protect the interests of the traveling public.

Q. Has the Lockerbie disaster and the

controversy about aging airplanes had anything to do with your interest in the liability question?

A. Not directly, but these occasions underline the fact that, sadly, accidents happen, which again underlines the importance of an adequate passenger compensation system.

Q. Under existing legislation, there are several different liability limits. Do you

think passengers are usually aware of this?

A. I wonder how many passengers are aware that there even are limits on the amount they or their dependents can claim from an airline if they are injured or killed.

Q. There have been previous attempts to reform the Warsaw Convention. How does your approach differ?

A. I have asked the International Foundation for Airline Passengers Associations and the University of Leiden to prepare a report from the perspective of the passengers. Usually it has been left to specialist lawyers and academics to debate the issues, while the airline industry

and governments agonize over the repercussions from any suggested changes. I think it is time to put the traveling public's interests up front.

Q. What do you expect to come out of the report?

A. There are several main areas of concern I would like to see addressed, for example, the information to passengers which is inserted inside airline tickets. This is supposed to be informative about liability limits. In reality, it is incomprehensible, except to lawyers.

Information technology has improved dramatically recently and this should be used to inform airline passengers in clear and comprehensible language of any limits to liability. I expect to see particular attention paid to the possibilities that the new supercomputer reservation systems can give to improving passenger information on this subject.

Q. Why have you, as a Dutch minister, become involved in this subject?

A. Because I strongly advocate a more liberal and market-oriented approach to aviation policy, both within the European Community and outside Europe. Together with such a development, an efficient and just international passenger compensation system is of equal importance.

Q. Why should there be any limits at all to the recovery of damages? Shouldn't people be left free to sue for the highest amount they can get?

A. That is undoubtedly the most fiercely debated issue and the single greatest impediment to any agreement for change. From a consumer's point of view, the airline industry should not be singled out for special consideration and virtual immunity from the process of litigation. The reality is, however, that there is a great deal of resistance and opposition to any major changes in this area. I want the industry to consider my report and its recommendations seriously. I will be encouraging evolution, not revolution.

Q. What will you do with the report?

A. I hope to present it in September to the general assembly of the International Civil Aviation Organization in Montreal and to discuss proposals for further international initiatives.

Q. There is a specific kind of problem concerning people who take domestic flights abroad foreign airlines, where compensation can be ridiculously low. Will you be looking into that problem?

A. Yes.

Leaders' Dilemma: What Risks Are Worth Taking?

By E.J. Dionne Jr.

New York Times Service

WASHINGTON—For the past week, governments around the world have been grappling with one of the most basic and complicated questions that human beings face: What risks are worth taking?

The question recurs on issues as diverse as apples and airplanes, grapes and terrorism. In each case, governments were being asked to balance risks to public health and risks to public order, the risks of openness and the risks of secrecy.

Should the public be warned about threats in advance, even if this might completely disrupt air travel or sales in an industry? Should a product be banned because it contains substances that are linked to cancer? How much of the substance is too much?

These questions are decided not as abstract theoretical matters but as political questions in which power and economic interests can matter as much as science and calculation, as events of last week suggested.

Perhaps the most diplomatically thorny issue was the case of Chilean fruit. Earlier this month, the U.S. Embassy in Santiago was warned that Chilean fruit had been injected with cyanide. After two poisoned grapes were discovered in Philadelphia, the federal govern-

ment banned the import of Chilean fruit.

By Friday, when no more poisoned fruit had been discovered, and after angry protests in Chile, whose economy was threatened by the ban, the United States lifted most restrictions.

For Ralph Nader, the consumer advocate who did more than al-

most anyone in U.S. public life in the past two decades to bring risk and safety issues to the fore, the Chilean case raised a fundamental issue in the politics of risk assessment: that the group bearing the risk is often different from the group paying to avert it.

"It was an easy one to go after because it didn't involve the American grape industry," Mr. Nader said. "If it had been the domestic grape industry, would they have done the same thing?"

Mr. Nader noted that the immediate risk of contaminated grapes was far more tangible than the peril from, say, toxic substances that, if ingested over time, could cause cancer in 20 or 30 years. This, he said, pushed Dr. Frank E. Young, the U.S. commissioner of food and drugs, to act quickly to ban sales of all Chilean fruit.

Dr. Young made a different judgment about the risks stemming

from the use of the chemical dieldrin, marketed as Alar, to preserve apples.

The Natural Resources Defense Council, an environmental group, set off deep concerns about eating apples when it said that children might have been exposed to dangerous levels of carcinogenic chemicals that were a residue of Alar.

But Dr. Young challenged that view and cited recent studies showing that carcinogen levels in apples were well below the levels that the Environmental Protection Agency considered unsafe.

Clayton K. Yeutter, the secretary of agriculture, said the health risk from apples was "minuscule" and added: "If you want to avoid food that has any potential health risk, you're going to have a very narrow diet. You'll be down to 75 pounds real fast."

The environmental agency has begun procedures to take Alar off the market because of preliminary laboratory findings that the chemical posed a risk of cancer to humans, but it said that it was not immediately banning use of Alar because there was no proof that it constituted an imminent hazard.

It was not clear whether economic concerns played any role in the decision, but the apple industry was clearly hurting. Senator Steven D. Symms, an Idaho Republican,

described the apple market as "dead as a doornail right now across America."

While all this was happening in the United States, the British government came under attack for withholding from the public a warning sent in November to airlines and airports about terrorist bombs in radio cassette players—precisely the kind of bomb that investigators say brought down Pan Am Flight 103 in Scotland in December.

The U.S. government received similar criticism earlier when it was learned that some U.S. Embassy officials and military personnel were warned about the danger but that ordinary passengers were not.

After the revelations, Senator Alfonse D'Amato, Republican of New York, introduced a bill requiring public disclosure of "serious security threats" to airlines.

But Brian Jenkins, an expert on terrorism and a senior researcher at the Rand Corp., a research organization, said the problem with such a proposal was that it was difficult to determine which terrorist threats were credible and which were not. Because of this, he said, he opposed routine warnings to the public.

"To make them public routinely," he said, "would encourage the pranksters, the lunatics and the extremists to make more threats. It would either seriously disrupt air

travel, or it would result in so many warnings that the warnings themselves would become meaningless."

The consumer and environmental movements, which took hold in the 1960s and 1970s, encouraged Americans to question whether the products they bought were safe and whether their health was being endangered by the environmental practices of business.

Critics argue that the environmental and consumer movements have encouraged Americans to search for the impossible: a risk-free society.

Aaron Wildavsky, a professor of political science at the University of California at Berkeley and the author of "Searching for Safety," contended that since all innovation required risk, a search for absolute safety would inevitably impede both economic and scientific progress. Mr. Wildavsky said the environmentalists and consumer activists were playing on public fears.

"There's always the imputation that a terrible truth is being kept from you," he said.

But Mr. Nader countered that the risks associated with cancer-causing substances and nuclear radiation were frightening precisely because they were unseen and because the normal human defense mechanisms could not be counted on for protection.

Mr. Wildavsky and Mr. Nader did agree that society routinely tolerated well-known risks like the dangers of driving a car or smoking a cigarette even as it resisted the introduction of new ones.

James V. Aidsa, a specialist on environmental policy at the Congressional Research Service, said the debate on the risks of pesticides and other chemicals was often difficult for the nonscientist to follow, since all sides in the debate dealt with statistical probabilities.

Yet, statistical probabilities are at the heart of how the government assesses which risks are acceptable and which are not.

A given substance, Mr. Aidsa said, might be described as having a "one in 100,000,000 chance" of increasing the risk of cancer, which would not be a cause for alarm, while another might be described as having a "one in 10,000 chance" of doing so, "a range where we really start to yell and scream," he said.

REPORT: Air Warnings Faulted

(Continued from page 1)

for the Liberation of Palestine General Command.

The bulletin described a bomb found in a raid: a plastic explosive hidden inside a radio cassette player, with a barometric-pressure detector designed to explode the device at a preset altitude.

According to the subcommittee, that bulletin mistakenly advised that the Palestinian group had "not been known to undertake terrorist attacks in Europe."

A recent Defense Department study said members of the Palestinian group had fired a machine gun at an airplane in Zurich, had carried out the hijacking of two other airlines bound for European cities and had warned in 1986 that "there will be no safety for any traveler on a U.S. airline."

The Federal Aviation Administration bulletin said its information about the bomb was based on "preliminary analyses by West German authorities."

The subcommittee said: "It is difficult to understand why explosive experts needed more than three weeks to complete an urgently needed analysis of this device. Either the West Germans lacked the required technical skills (which is unlikely) or West German-FAA communications had serious flaws."

Pan Am's response to this and two other security bulletins prompted by the West German analysis was limited to examining and X-raying selected passengers' carry-on baggage containing electronic devices.

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Socialists Gain Widely In French Local Vote

By Steven Greenhouse

New York Times Service

PARIS—The governing Socialist Party made strong gains in the final round of French municipal elections Sunday, winning control of several major cities from the conservative opposition.

After capturing city halls in Strasbourg, Dunkirk, Mulhouse, Avignon and Orleans, Socialist officials hailed their victories as a confirmation of their policies aimed at wooing centrist voters, while conservative leaders attributed the Socialist gains to divisions on the right.

The voters continued their drift away from the Communist Party, while the Ecologists, the French environmental party, again made a surprisingly strong showing.

In several cities, candidates of the far-right National Front rose strongly, with its mayoral candidate, Jean-Marie Le Pen, in southern France winning 29 percent of the vote.

Several conservative leaders said they were proud that they had refused to ally themselves with the National Front, even though such an alliance might have enabled the conservatives to hold onto several major city halls.

A leading French television network, TF1, projected that the Socialists would win 78 cities of more than 30,000, up from 66 in the last round of municipal elections six years ago. The conservative Rally for the Republic Party and the center-right Union for French Democracy were expected to win 84 cities, compared with 88 in 1983.

The Communist Party was projected to win 48 city halls, down from 53 in 1983. Its most stunning loss came in Amiens, one of the largest cities in northern France, where the Communist incumbent had been in power for 18 years.

In the municipal elections of 1983, when the Socialists were in power, the conservative made major gains, and in 1977, with the right in power, it was the Socialists who won big in the local elections.

Since President Francois Mitterrand won re-election in May, the conservative opposition has been feuding. Some centrists have allied themselves with President Mitterrand as he pursues a policy of an opening to the center, while many conservatives maintain steadfast opposition to the Socialist government.

The voting Sunday produced a new star on the French right, Michel Noir, former minister of trade in the conservative government of Prime Minister Jacques Chirac, was overwhelmingly elected mayor of Lyon, France's third largest city. Meanwhile, Mr. Chirac, as expected, won re-election as mayor of Paris.

Political analysts said the environmentalists did not score quite as impressively as in the first round of municipal elections on March 12, when it won 15 percent of the vote in several major cities.

Analysts said the most lasting development of the elections may be the environmentalists' emergence as a powerful force in French politics.

Nationalist parties in Corsica did well, as strikes by public employees have paralyzed the island. The strike by 25 percent of the island's work force has prevented airplanes and ships from arriving or leaving.

WORLD BRIEFS

China Assails U.S. Senate on Tibet

BEIJING (Reuters) — China on Sunday assailed a U.S. Senate resolution that condemned recent violence in Tibet and that urged an end to human rights violations against Tibetans.

The statement closely followed China's condemnation of a European Parliament motion on Tibet, reflecting Beijing's sensitivity to criticism of its policy in the Himalayan region, which has seen repeated anti-Chinese riots in recent years.

Chinese radio quoted a government statement calling last week's Senate resolution unacceptable interference in Chinese internal affairs. Similar to one issued on Saturday regarding a European Parliament resolution, the statement said the recent imposition of martial law in Tibet had been necessary to protect life and property.

2 Conservatives Are Elected in Japan

TOKYO (Reuters) — Conservatives won two local elections on Sunday, giving the governing Liberal Democratic Party some breathing space after weeks of damaging revelations over a stock scandal.

A Liberal Democrat was narrowly re-elected governor of Chiba prefecture, east of Tokyo, and an independent conservative won the governorship of Miyagi prefecture, north of the capital.

Surfacing last July, the scandal surrounding the Recruit Companies Co. has forced three ministers out of the cabinet and led to the arrests of 12 persons. The company is charged with having bribed public figures to ease its expansion into telecommunications in the mid-1980s.

Romania Dismisses 4 Senior Officials

VIENNA (Reuters) — Four senior Romanian officials have been dismissed, according to Radio Romania.

Saturday's report, monitored here, said that Finance Minister Gheorghe Parascu, Deputy Prime Minister Nicolai Ionescu, Florea Dumitrescu, the governor of the national bank, and Nicolae Eremia, head of the Bank of Agriculture, were fired for "unsatisfactory activity" in managing national finances.

The broadcast said the men had "seriously violated legal provisions in granting credits and eliminating losses in the activity of some economic units." The Romanian news agency confirmed the firings but gave no reasons.

Greek-Cypriot Protesters Arrested

LYMBIA, Cyprus (Reuters) — About 3,000 Greek-Cypriot women stormed past troops into northern Cyprus at two points on the Green Line on Sunday to protest the division of the island. More than 50 were arrested by Turkish-Cypriot authorities at the two points, witnesses said.

United Nations spokesman said about 2,000 women were crowded across the UN buffer zone at Lymbia after evading United Nations peacekeeping troops in helicopters. At Akkita, east of Lymbia, 1,000 women crossed the Green Line and 22 were arrested.

The UN spokesman said Turkish-Cypriot authorities had agreed to return the arrested women. The women who were not arrested, accompanied by supporters from the United States, Europe and Australia, remained in the breakaway Turkish Republic of Cyprus for several hours before returning to the south.

For the Record

The White House has announced four ambassadorial nominations. They are:

• Joseph Zappala, one of President George Bush's political fund-raisers, as ambassador to Spain.

• Terrence Todman, the U.S. ambassador to Denmark from 1983 to 1988, as ambassador to Argentina.

• Giffen Weinmann, a fund-raiser for Mr. Bush in the 1988 presidential campaign, as ambassador to Finland.

• Frederick Bush, the president's top political fund-raiser for the past decade, as ambassador to Luxembourg. Frederick Bush is not related to President Bush.

President George Bush met with cabinet members Saturday to consider entering into an agreement with Japan to produce a new version of the F-16 jet fighter, the FSX. A decision is expected this week. (AP)

TRAVEL UPDATE

Test Shows Hormone Eases Jet Lag

LONDON (Reuters) — Jet lag can be alleviated by an extra dose of a natural hormone, melatonin, found in the brain, according to three New Zealand doctors writing in the British Medical Journal. The hormone was given to volunteers who flew across 12 time zones from New Zealand to London and then returned three weeks later.

"Melatonin can alleviate jet lag and tiredness after long-haul flights," the doctors said. "Subjects taking melatonin reported less jet lag and took less time to recover." The report said no adverse side effects were found. A record 8.43 million Japanese traveled overseas last year, more than 80 percent of them as tourists, largely because of the strong yen. A government survey said Sunday that the figure represented a 23-percent increase over 1987. (AFP)

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Colombia, Lesotho, New Zealand, Tunisia, Uruguay.

TUESDAY: Afghanistan, Iran, Israel, Japan, Mexico, Nepal, Sri Lanka, Syria, Tunisia, Uruguay.

WEDNESDAY: El Salvador, Guatemala, India, Mexico, Norway, Puerto Rico, Uruguay.

THURSDAY: Andorra, Argentina, Brazil, Colombia, Costa Rica, Denmark, Ecuador, El Salvador, Finland, Guatemala, Honduras, Iceland, Mexico, Nicaragua, Norway, Pakistan, Panama, Paraguay, Peru, Philippines, Portugal, Spain, Uruguay, Vatican City, Venezuela.

FRIDAY: Andorra, Argentina, Australia, Bahamas, Barbados, Belize, Bermuda, Bolivia, Botswana, Brazil, Britain, Brunei, Cameroon, Canada, Chile, Colombia, Costa Rica, Denmark, Dominican Republic, Ecuador, El Salvador, East Germany, Fiji, Finland, Ghana, Gibraltar, Grenada, Guam, Guatemala, Guyana, Haiti, Honduras, Hong Kong, Iceland, Indonesia, Ireland, Ivory Coast, Jamaica, Kenya, Lebanon, Lesotho, Liechtenstein, Macao, Madagascar, Malawi, Malta, Mexico, Monaco, Netherlands, New Zealand, Nicaragua, Nigeria, Norway, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Portugal, Puerto Rico, Seychelles, Sierra Leone, Singapore, South Africa, Spain, Sri Lanka, Suriname, Swaziland, Sweden, Switzerland, Tanzania, Tonga, Uganda, Uruguay, Vatican City, Venezuela, West Germany, Zambia, Zimbabwe.

SATURDAY: Belize, Botswana, Brazil, Chile, Cyprus, Fiji, France, Greece, Hong Kong, Macao, Malawi, Mexico, Papua New Guinea, San Marino, Seychelles, Spain, Uganda, Vatican City, Zambia, Zimbabwe.

SUNDAY: Bangladesh, Belgium, Lebanon, Macao, Syria.

Source: Morgan Guaranty Trust Co., Reuters.

WEATHER

EUROPE				ASIA			
	HIGH	LOW			HIGH	LOW	
Amsterdam	12	5	C	F	Bangkok	33	24
Antwerp	12	5	C	F	Beijing	23	14
Athens	19	12	C	F	Hong Kong	28	19
Berlin	12	5	C	F	Manila	31	24
Birmingham	12	5	C	F	New Delhi	31	24
Boston	12	5	C	F	Seoul	14	6
Brisbane	12	5	C	F	Singapore	31	24
Buenos Aires	12	5	C	F	Tokyo	11	3
Calcutta	12	5	C	F	Yokohama	11	3
Cairo	12	5	C	F			
Canton	12	5	C	F			
Chengdu	12	5	C	F			
Colon	12	5	C	F			
Dallas	12	5	C	F			
Dhaka	12	5	C	F			
Dublin	12	5	C	F			
Edinburgh	12	5	C	F			
Geneva	12	5	C	F			
Hankow	12	5	C	F			
Hong Kong	12	5	C	F			
Kobe	12	5	C	F			
London	12	5	C	F			
Los Angeles	12	5	C	F			
Lyons	12	5	C	F			
Madrid	12	5	C	F			
Moscow	12	5	C	F			
Munich	12	5	C	F			
Nice	12	5	C	F			
Osaka	12	5	C	F			
Paris	12	5	C	F			
Perth	12	5	C	F			
Porto	12	5	C	F			
Rangoon	12	5	C	F			
Rome	12	5	C	F			
San Francisco	12	5	C	F			
Shanghai	12	5	C	F			
Singapore	12	5	C	F			
Sourabaya	12	5	C	F			
Taipei	12	5	C	F			
Tientsin	12	5	C	F			
Yokohama	12	5	C	F			

After Flight 103, Widow Tries to Cope

By Douglas Martin

New York Times Service

NEW YORK — Helen Engelhardt asked Alan, her 6-year-old son, to sit next to her on the couch. This wasn't going to be easy.

"The plane had been on in an accident," she began.

"Was he hurt?" Alan asked.

"He's dead."

There was a long pause, then the whole, immense truth.

"I'm all alone with you now," Alan said.

"No, you have your family and friends, too."

Suddenly, the child lurched forward, shoving his head hard into a pillow. After long moments, he looked up and said, "Well, you can get married again."

In 49 years of living, Helen Engelhardt has had no worse conversation. The day before, Dec. 21, she became a widow when a bomb exploded aboard Pan Am Flight 103 over the Scottish village of Lockerbie, killing all 259 people aboard and 11 on the ground. Her husband, Tony Hawkins, was on the plane.

She thinks she knew what Alan meant by his immediate remark about remarriage.

"It was as if he was saying, 'You left me in a void. Fill the void,' she said.

We live in a world of terrorist bombs, of purposeful violence against random victims, of a promising teen-ager being accidentally shot to death in a McDonald's restaurant. It is a world where conscienceless cocaine dealers kill anybody in their path, police officers included. A spasm

In Mexico, Outrage Over a U.S. Senator's Drug Allegations

By William Branigan
Washington Post Staff Writer

MEXICO CITY — A campaign by Senator Jesse Helms to reject U.S. certification of Mexican anti-narcotics efforts, alleging that drug-related corruption "permeates" the new government here, has provoked expressions of outrage from a wide range of Mexican political figures.

The sharpest reaction has come in response to a list of names of 14 Mexican government officials made public by Mr. Helms, a Republican of North Carolina. The senator asserted that the 14 senior

officials were suspected of links to criminal activity.

Among those he named were five members of President Carlos Salinas de Gortari's cabinet and seven senior law enforcement officials in the attorney general's office.

No evidence or details of any suspected misdeeds were provided. Attorney General Enrique Alvarez del Castillo, who headed Mr. Helms's list and who previously has been accused of tolerating drug trafficking while he served as governor of his home state, denounced Mr. Helms as "a medieval individual" who "is not taken seriously in either the United States or Mexico."

The list, appended to a Jan. 26 letter in Secretary of State James A. Baker 3d and entered into the Congressional Record on March 16, included several officials identified by sources in Mexico City as having had links with drug traffickers in the past.

Others on the list, however, have never previously been accused of drug connections. The posts held by three of the 14 were misidentified on the list.

Mr. Helms's arguments against certification of Mexico produced a rare consensus among politicians of the governing Institutional Rev-

olutionary Party and opposition groups of both the left and right. Legislators condemned his criticisms as an affront to Mexican sovereignty.

Under a 1986 law, decertification of a country in which narcotics are produced or transshipped would require the U.S. government to reduce foreign aid and vote against loans by multilateral donors. In Mexico's case, the aid lost would be about \$15 million a year for a drug eradication program.

Javier Coello Trejo, an assistant attorney general in charge of anti-narcotics efforts and one of the

persons whose name was listed, called Mr. Helms "demented" and "a man sick with power."

"I challenge him to prove that I am a drug trafficker," Mr. Coello Trejo said, adding that the only thing Mr. Helms had demonstrated so far was his "total lack of knowledge" of Mexico's anti-drug campaign.

The inclusion of Mr. Coello Trejo on the list was considered somewhat puzzling since he was handpicked by Mr. Salinas to head the anti-narcotics effort and has a reputation as a tough, honest prosecutor.



FOR DISCOVERY, THE SCORE WAS PERFECT — Part of a crowd of 450,000 watching as the space shuttle Discovery landed perfectly Saturday at Edwards Air Force Base, north of Los Angeles. The shuttle, carrying five astronauts, spent five days in space. The National Aeronautics and Space Administration plans six more shuttle flights this year. The flight was the third since the 1986 Challenger disaster, which killed the crew of seven, and the 28th in the shuttle program.

Surefire Blend for Scandal Addicts

Sex and Politics: In U.K., It's Still the Same New Story

By Craig R. Whitney
New York Times Staff Writer

LONDON — If you think Parliament has been preoccupied recently with the state of the economy or by the investigation into the Lockerbie air disaster you are misinformed.

The biggest political sex scandal in years has washed up into the riverbank halls of the House of Commons, where worried Conservative Party legislators could be seen huddled all last week whispering about it.

The fiercely competitive and scruple-free British tabloid press is paroxysmal over the story. It involves a former Miss India-turned-researcher named Pamela Bordas, newspaper executives from across the political spectrum who have been photographed with her, Conservatives who got her a Parliament building pass and — the crucial missing ingredient, found on Friday — her reported involvement with a cousin of the Libyan leader, Colonel Moammar Gadhafi.

Where it will all end nobody knows, but the omens are hardly auspicious.

"Scandal," a movie recalling the 1963 downfall of Prime Minister Harold Macmillan's war

secretary, John Profumo, after the revelation of his liaisons with Christine Keeler, has opened to capacity houses. The film "manages to suggest that what happened a quarter-century ago is still totally relevant today," its ads proclaim.

As with the movie, the facts in this scandal barely resemble what the tabloids have done with it.

They have called Miss Bordas a "high-society prostitute" and a "Commons call girl," while the so-called quality newspapers — less money to spend on libel-suit settlements — have referred to her as a "socialite."

"Pamella and Her Friend From Libya" was a headline in the Evening Standard. The paper's charge that Miss Bordas made regular trips in Paris to socialize with the dashing, 36-year-old Ahmed Gadhafi Da'im — whom it identified as "a high-ranking major in the Libyan security service" — gave the scandal the critical mass it needed to start a chain reaction.

Miss Bordas's pass enabled her to walk past the security checks and X-ray machines that keep terrorists and agitated constituents from the houses of Par-

liament. And here she was, the tabloids said, a regular visitor to Tripoli.

The two Conservative members of Parliament who hired her as an accredited researcher, David Shaw and Henry Bellingham, said they were ignorant of her social activities. They also said that she had been vouched for by some of the finest editors in Fleet Street, for Miss Bordas's research did not neglect newspapers.

She has been seen at public social occasions with Donald Treford, editor of the Observer, and with Andrew Neil, editor of The Sunday Times, owned by Rupert Murdoch, a supporter of Prime Minister Margaret Thatcher.

Mr. Murdoch's tabloid flagship, The Sun, ran a picture of Mr. Treford and Miss Bordas under the headline, "I'm not Dirty Don."

A Sun editorial noted that "Mr. Neil's link with Miss Bordas has been widely reported in all the papers published at Wapping," the Murdoch fortress far from the reach of Fleet Street's unions. It concluded: "If you can't stand the heat, stay out of the kitchen. And keep your hands off the tart!"



Pamela Bordas, who as Pamela Singh was chosen Miss India, is the focus of Britain's biggest political sex scandal in years.

Jesús María de Leizaola, Ex-Basque Leader, Is Dead at 92

Reuters

SAN SEBASTIAN, Spain — Jesús María de Leizaola, 92, who headed the Basque government-in-exile during the dictatorship of Franco, has died of a heart attack, a hospital spokesman said.

A justice and culture minister in the Basque government, he went into exile in France in 1937 when

Franco's troops took over the region in the Spanish Civil War.

Mr. Leizaola became president of the government-in-exile. He returned to Spain and handed over the presidency in 1979, four years after the death of Franco, when Spanish authorities permitted the formation of a Basque government.

John P. Scripps, 76,
Scion of Media Family

LA JOLLA, California (AP) — John P. Scripps, 76, founder and chairman of the board of the John P. Scripps Newspapers division of the Scripps Howard media group and a Scripps Howard director, died Wednesday of heart failure.

Mr. Scripps was also a noted

yachtsman and a breeder and owner of race horses. The scion of a family with two centuries in journalism, he invested at 16 in a small newspaper, now called the Ventura County Star-Free Press, that became the foundation of a group of papers in California and Washington state. In 1986, with his cousins Charles, Ted, and Robert Scripps, he negotiated a merger with

Scripps Howard, the firm founded by his grandfather in 1888.

■ Other deaths:

Georges Blond, 82, a French writer and historian, of cancer Thursday in Paris. Mr. Blond wrote about 30 books — on Napoleon, World War II, and animal and sea life.

AMERICAN TOPICS

States Organizing Elite Science Schools

With studies showing a widespread ignorance of science among young Americans, many state governments have moved energetically to set up selective high schools specializing in science and mathematics. The New York Times reports.

The new schools are modeled on city-sponsored forerunners such as New York City's Bronx High School of Science. But the schools have dormitories that enable them to draw students from rural areas where advanced science courses are unavailable. In some states, education laws have been rewritten so the schools can hire doctorate-level teachers who have never taken the education courses required for teacher certification.

North Carolina set up the first state-sponsored science boarding school in 1980. Now at least 17 states are steering science-minded students into special schools and offering them encounters with scientists, advanced laboratories and such challenging courses as astrophysics, microbiology and advanced mathematics.

Leon M. Lederman, winner of

the 1988 Nobel Prize for Physics, helped set up the Illinois school. He said the expense, \$16,000 a year per student, was more than paid for by the potential. "If one of these kids makes a breakthrough like Jonas Salk's," he said, referring to the developer of the polio vaccine, "you pay for the school for a hundred years."

Short Takes

In George Orwell's novel "1984," facts no longer convenient to the authorities were sucked down a memory hole, never to be seen again. Lacking this device, one official entity did the next best thing, according to The Washington Monthly. A news release from the court stated: "Because of an error, the Kentucky Supreme Court opinion on *Franklin E. Shannon vs. Commonwealth of Kentucky* is being withdrawn and is not being rendered today. The opinion does not exist, so please destroy your copy."

With the swallows due to return this month to San Juan Capistrano, California, just as the old song recounts, some residents are doing all they can to keep the birds away from their homes. "They're a pain," said Mike White, who uses his garden hose to keep the birds from nesting under the eaves. Other householders' battle plans include knocking down empty mud nests and displaying rubber owls.

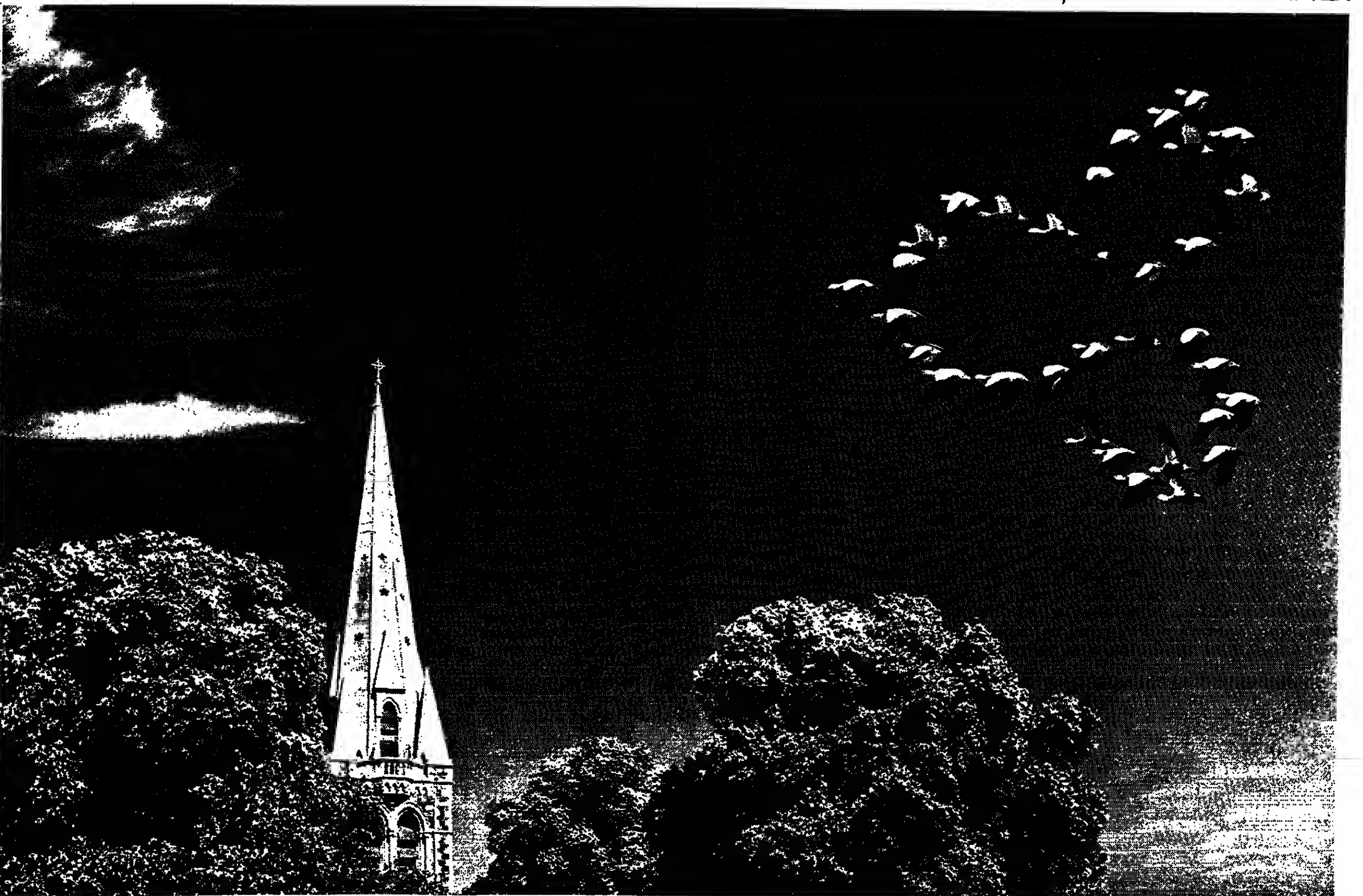
Notes About People

The Roman Catholic archbishop of Los Angeles, Roger M. Mahony, need no longer worry about the chronic traffic jams on the freeways of his 8,300-square-mile (about 21,500-square-kilometer) domain, which is larger than some countries: A group of friends has bought him a \$395,000 helicopter. The gift includes maintenance, operating costs and insurance. Some people say the archdiocese has more pressing needs; others worry about the risks in the busy Los Angeles airspace. Monsignor Mahony, 53, who has a helicopter pilot's license, says, "If in fact you could guarantee that every day, any hour, you could get on the freeways and really go quickly, it would be, I think, a little different situation."

Gregory Peck expressed mixed feelings on receiving the American Film Institute's Life Achievement Award. "Life achievement" has a slightly ominous ring," he said. "Is that all there is?" Mr. Peck, 72, recounted an anecdote the late actor James Mason liked to tell about himself: A woman in Dublin asked him, "Now, wouldn't you be Mr. James Mason in his later years?"

Arthur Higbee

THAI FLIES SOUTH FOR THE SUMMER. TO CHRISTCHURCH, NEW ZEALAND.



Christchurch in New Zealand's South Island — the most English city outside of England. And aptly named the "Garden City" with its award-winning landscaped parks. Now you can enjoy Thai's Royal Orchid Service to this tranquil city direct from Bangkok each Wednesday arriving the following day. Thai. Centuries-old traditions. Innovative thinking. State-of-the-art technology.

Thai
We make it so

4 Arabs Killed by Israelis

Palestinian Strike To Be Extended

Reuters

JERUSALEM — Israeli forces in the occupied territories shot and killed four Arab protesters on Sunday, one of them a 12-year-old, increasing the death toll in a week-end of clashes to seven.

Security and hospital officials said two Palestinians had been killed in the Gaza Strip and two in the West Bank village of Silat Khariya in protests sparked by the army's killing on Saturday of three protesters outside a Gaza City mosque.

In Silat Khariya, troops shot and killed two Arabs, 12 and 18 years old, and wounded two others, one critically, security officials said. Hospital officials said that at least 40 others had been wounded by beatings in Gaza on Sunday and that there were many casualties from gunfire.

Palestinians in the Gaza Strip responded by extending a general strike planned for Wednesday to a four-day stoppage, effective immediately.

The shooting on Saturday of Arab protesters, one on the roof of a Gaza mosque and two outside the building, ended a week of relative calm.

In Amman, Jordanian authorities questioned on Sunday guerrillas who had been captured after they killed an Israeli soldier in a raid into Israel.

A Jordanian official would not identify the men who ambushed an Israeli patrol near the frontier south of the Dead Sea on Friday night and then slipped back into Jordan. The Damascus-based Fatah Uprising group led by Colonel Abu Musa took responsibility for the raid.

The raid seemed designed to embarrass Jordan, which strenuously deters guerrilla activity, and the mainstream Palestine Liberation Organization, which is engaged in a peace initiative and a dialogue with the United States.

The Abu Musa group said the raid had been undertaken from a secret base in Jordan, and it warned Amman not to harm the captives. It vowed to launch more raids from Arab countries.

In Damascus on Sunday, a Fatah Uprising official threatened to kill any Palestinian who met Israeli officials in the occupied territories.



Jean-Paul Gaultier's pleated skirt suspended over fitted jacket.

FASHION: Gigli's Paris Debut

(Continued from page 1)

through a basic wardrobe. For Gigli, basics mean a rounded cocoon coat, a long fitted jacket, his signature cross-your-heart and tunic knits and narrow pants.

The show opened with crushed velvet coats — mole brown and wine dark — with green and gold brocade peeking out at the middle. These shawl-collared coats, jackets and boleros came out repeatedly but always with an extraordinary decorative touch: scarves, embroidered yellow, gold and apple green like Easter altar cloths; gilded birds winging across nut-brown velvet; a filigree of pearls stitched on a cloth-of-gold bolero.

Even simple one-shoulder tunic knits or pointed chignon evening skirts had the same medieval richness in their subdued shades.

Gigli said after the show that the colors and the embroideries (all hand-done in India) were inspired by Byzantium's Empress Theodora.

"I have spent my life looking at beautiful books — 20,000 of them," said the designer, whose father and grandfather were both antiquarian book dealers.

Gigli said his decision to show in Paris had been made "as a sort of joke over a glass of wine."

After such a triumphant debut on the international stage, Milan may find it hard to win him back.

Issey Miyake came from Japan to show in Paris 16 years ago. He gave a sensational show on Saturday, also receiving an ovation for his incisive, modern cut and technically imaginative fabrics.

Miyake opened with a tunic-

and-leggings theme, which is dominating the forward-looking collections. But Miyake's knits were felted into three-dimensional sculptures; his tights were crisscrosses of pattern under swirly coats in a sunny sky blue.

Claude Montana knows that times and shoulders have changed, and he recast a beautiful new coat, a shawl-collared bathrobe that came in colors tawny from the ocean bed: a clear-lagoon blue, a watery aquamarine, shadowy violets and an indigo from unfathomable depths.

It was a fine example of modern tailoring and a good show, but not a great one.

The Case of the Disappearing Skirt has been the story from fashion's futurists, as sturdy leggings take over the bottom half. Jean-Paul Gaultier did produce a frizzle of cheerleader pleats, peeking out from under long fitted jackets, but the skirts all had the leggings underneath.

The wonderfully inventive Gaultier also produced the tailcoat in knit, in pale blue, jade green and tan, relieving a color palette that was on the heavy side.

In spite of his wit and talent, there was something downbeat and depressing about the idiom in which the show was staged, with hefty platform-soled shoes, harsh makeup, aggressive music and some disgusting bondage strap dresses that left a sour taste.

MOSCOW: Yeltsin Cheered

(Continued from page 1)

self as a surrogate for those fighting against injustice.

The party establishment is openly supporting Mr. Yeltsin's opponent, Yevgeny A. Brakov, the director of an automobile factory that turns out limousines for senior officials. A meeting last week of the policy-making Central Committee voted to set up a commission of inquiry to establish whether in his campaign speeches Mr. Yeltsin had violated party discipline by advocating discussion of a multiparty system.

At the rally Sunday, speakers demanded the abolition of the commission of inquiry. They also expressed fears that party officials might try to rig the election by adding the ballots of Soviet troops and diplomats stationed abroad to those of Moscow residents.

The demonstrators, many of whom carried campaign portraits of Mr. Yeltsin and the slogan "The People's Candidate," had initially gathered in Gorky Park, two and a half kilometers away on the city's ring road. When they heard that the meeting had been banned by Moscow authorities, they decided to march to the city center.

Shouting "Hands off Yeltsin" and "Come and join us," the protesters gathered fresh recruits as they marched, pausing to chant "Shame, shame" outside the offices of Tass, the news agency. By the time the crowd reached Gorky Street, it appeared to number between 5,000 and 7,000 people.

During an election meeting Saturday in a Moscow suburb, Mr. Yeltsin, 57, said that he would not be deterred by the official investigation into his campaign statements. He was greeted with wild applause when he said he had "come to realize how far the party apparatus is divorced from the people."

In another attempt to tarnish Mr. Yeltsin's populist credentials, the city's Communist Party organ published an article Sunday asserting that he took advantage of bureaucratic perquisites. It said that he made full use of a limousine and country cottage assigned to him as deputy minister for construction, and that members of his family frequently used special hospitals reserved for senior officials.

Such attacks have made little impression on Mr. Yeltsin's supporters, who regard them as further evidence that the authorities are determined to undermine his campaign. The evident animosity of officialdom is, in a way, his strongest electoral asset.

VOTE: Fighting Lowers Turnout in Presidential Election in El Salvador

(Continued from page 1)

traffic has almost vanished from the highways.

In the town of Ayutzepeque, just outside San Salvador, election workers from several precincts failed to show up Sunday to open polling places after heavy fighting was heard nearby.

The city of Zacatecoluca, about 50 kilometers (30 miles) southeast of the capital, was described as a "virtual ghost town" by a local radio reporter.

The radio report said that heavy fighting had broken out in and around Zacatecoluca and that people were terrified to leave their houses.

In the San Ramon neighborhood of the capital, where heavy fighting had broken out in the early morning and was still going on at midday, polling places were empty.

A Red Cross spokesman, Carlos Mendoza, said that at least one soldier had been killed in the fighting in San Ramon.

"No one is leaving his home," said a neighborhood resident, Victor Chavez. "We've heard at least 30 bombs go off this morning in the area," he said in a telephone interview.

A Defense Ministry spokesman said the heaviest battle had taken place in Ilobasco, about 100 kilometers northeast of San Salvador in Cabanas Province. Five guerrillas were killed when they attacked a National Police brigade in the town, the spokesman said.

Seven other guerrillas were killed in fighting overnight throughout the northern province of Chalatenango, the Defense Ministry said.

Roberto Navas, 28, a free-lance photographer working for the Reu-

ters news agency, was killed Sunday night and another photographer, Luis Galdames, 34, was seriously wounded in the San Salvador suburb of Ilopango when soldiers fired at them as they returned home, the authorities said.

A Defense Ministry spokesman also confirmed an earlier radio report that Mauricio Pineda, a cameraman working for a local television station, had been killed.

A Dutch reporter was killed in San Francisco Javier in southeastern El Salvador, in fighting between rebels and government forces, local radio said. Netherlands television identified the slain journalist as Cornel Lagrouw, of the IKON Dutch broadcasting association.

The Farabundo Marti National Liberation Front decided to boycott the elections after negotiations

for rebel participation in the presidential campaign broke down earlier this month.

On Sunday, the front issued an offer to negotiate to end the war, but not before the new president is sworn in on June 1. The nine-year-old civil war has left about 70,000 people dead.

Mr. Cristiani responded immediately to the offer, saying that, as president, he would be willing to meet with the front but that "any negotiations in the future must take place in secret."

(UPI, AFP, AP, NYT, Reuters)

JAPAN: Groves of Academe Consist of Cherry Trees

(Continued from page 1)

provide the rest of the world that is high quality."

Many Japanese are suspicious of the U.S. academic onslaught. "They thought we'd teach their kids to put their feet up on their desks," one Temple professor recalled.

The Education Ministry will not grant college accreditation to the foreign schools, meaning that Japanese who graduate from these colleges will not be considered in Japan as holding a diploma. But the U.S. schools are hoping that Japanese students will see the value of a U.S.-style education. Japanese companies are in fact beginning to hire U.S.-educated employees to staff their overseas plants.

Most U.S. universities hope to follow the lead pioneered by Southern Illinois: settle in a Japanese backwater where land is cheap, provide U.S. faculty to teach Japanese students a year of intensive English and another of general education, and then guarantee admission to the U.S. campus for the final two years of college.

The universities have various motives, according to officials in Japan, including recruiting students who can pay full tuition as the college-age pool dwindles at home.

Mr. Sharp said he worries that some schools, attracted by tales of yen in the streets, may not appreciate the difficulties of setting up shop here, from the high cost to the isolation of small-town life in Japan.

Nakajo, where Southern Illinois has settled, is a small town: popula-

tion 30,000, no movie theater, no previous exposure to foreigners.

Many residents initially were uneasy about becoming a U.S. college town, said Nakajo's internationally minded mayor, Nobuo Kumakura.

But during SIU's first year, the town seems to have adjusted well. Last May, SIU admitted its first Nakajo class: 450 students, almost all Japanese, mostly from the Tokyo area — and mostly, according to interviews, rejects from the more rigorous Japanese admission process.

Although SIU is expensive — about \$10,000 a year for tuition alone, far more than most Japanese universities — the principal, Jared H. Dorn, said it was not here to make money or recruit students. Rather, he said, SIU wants a presence in this dynamic economy.

"We feel educational institutions need to follow or be part of the interests of business, in terms of the preparation of our students, and in terms of their marketability," Mr. Dorn said. "And in terms of the image of the school, this may be important."

Mr. Muramoto said he expected another two or three universities and towns to match up in time to offer classes in April 1990. The towns will offer land; the schools, their faculty. Other schools are not waiting for the Gephardt committee's matchmaking.

Georgetown University, for example, has teamed up with the Tokyo Business School of Foreign Language to offer a three-week summer course in linguistics. The University of Nevada-Reno will accept its first class next month. "Japanese-Born, American-

Raised," its brochure advertises. "The chance has come. Let your challenge spirit burst forth."

Dartmouth College's Amos Tuck School of Business Administration has set up shop in western Japan. West Chester University of Pennsylvania is coming, and so is Edmonds Community College of Washington state.

The Los Angeles County community colleges, operating on the fifth and sixth floors of the Yamanashi Beauty School, also will teach English and give students a chance to transfer to California.

Japanese schools and businessmen, meanwhile, are showing increasing interest in U.S. campuses. Shows Women's University of Tokyo bought TMI Academy in Sweetwater, Tennessee, while Teikyo University bought Regis College in Colorado.

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RESULTS JANUARY 1 — DECEMBER 31, 1988

■ Orders received	MSEK 13,553	+13%
■ Involved sales	MSEK 12,401	+10%
■ Order backlog	MSEK 4,822	+31%
■ Income after net financial items	MSEK 1,053	+31%
■ Return on capital employed	19.0% (15.9)	
■ Return on equity capital	18.1% (15.8)	
■ Earnings per share	SEK 47.70 (40.30)	
■ Proposed dividend	SEK 15.50 (13.00)	
■ Split 4:1		
■ Forecast: Continued improvement in income		

SALES (MSEK)	1988	1987	Change, %
Orders received	13,553	11,998	+13
Involved sales	12,401	11,321	+10
Order backlog	4,822	3,670	+31

Of the order backlog, MSEK 4,320 (90 percent) consists of orders for delivery in 1989. The order backlog in the companies acquired at year-end 1988 amounts to MSEK 427 and is not included above.

CONSOLIDATED RESULTS AND PROFITABILITY (MSEK)	1988	1987	Change, %
Operating income after depreciation	915	743	
Operating margin, %	7.4	6.6	
Net financial items	138	58	
Income after net financial items	1,053	801	+31
Profit margin, %	8.5	7.1	

Accounting methods have been changed slightly in the 1988 financial statements, which negatively affected reported income by MSEK 66. These changes include charging monetary correction of equity in the Brazilian subsidiaries against operating income. In contrast to previous years, net financial items included a capital gain of MSEK 4 (52) on the sale of investment shares.

The increases in operating margin and profit margin, combined with an acceleration in the rate of capital turnover, have improved the Group's profitability. Thus, return on capital employed before tax was 19.0 percent (15.9) and return on equity capital after full tax reached 18.1 percent (15.8). Earnings per share, taking into account outstanding convertible debentures and options, increased from SEK 40.30 to SEK 47.70. Earnings per share after extraordinary items were SEK 48.10 (38.80).

As in previous years, goodwill was eliminated through a lump sum write-down. Thus, planned depreciation of goodwill was not charged against income after financial items. The 1988 lump sum write-down of MSEK 439 was made directly against nonrestricted equity in accordance with practice developed during the past two years. Last year's lump sum write-

down of MSEK 566 was reported on a separate line in the income statement below income after extraordinary items.

OPERATING AREAS

Due to increased volumes Agri has improved its earnings, which combined with the effects of capital rationalization has increased return on capital employed.

Earnings and profitability of the Food operating area have improved as a result of cost and capital rationalization measures. Also, the company acquisitions made in 1986 and 1987 provided favorable contributions to earnings. The investment climate in the industry operating area has led to increased sales volumes, primarily for the Thermal and Separation Business Areas. In addition, the restructuring program now completed by Separation has boosted earnings and profitability to satisfactory levels. The Thermal Business Area also reported increased profitability. The Automation Business Area has increased earnings and profitability, due to cost-reductions in combination with the integration of the acquired company SatiControl.

Finance and Real Estate management maintained high earnings. The somewhat lower return on capital compared with 1987 is connected with this year's high income from the share portfolio.

(MSEK)	Operating income 1988	1987	Return on capital, % 1988	1987
Agri	216	203	30	26
Food	234	81	32	13
Industry	54	375	22	15
Operating Area Total	997	659	25	17
Finance and Real Estate and Joint-Group	503	505	13	14
Income before financial expenses	1,500	1,164		
Financial expense	-447	-363		
Income after net financial items	1,053	801		
Full tax and minority shares	-337	-196		
Income after full tax	716	605	18	16

COMPANY ACQUISITIONS

The American company Sharples was acquired by Alfa-Laval in December 1988. This represents the Group's largest acquisition to date. The company specializes in decanter centrifuges used in environmental conservation and in the food and chemical industries. This acquisition makes Alfa-Laval the world-leading supplier of decanter centrifuges and complements the Group's program of centrifugal separations.

The acquisition is of major strategic importance and will have favorable synergy effects on marketing, product development and production during the next few years. However, the effects on the 1989 income will be insignificant due to the costs of integrating the company's operations with those of Alfa-Laval.

The previously acquired U.S. companies Cashin and Formax have formed a platform for the development of a new division designed to be a leading supplier to the expanding ready-cooked food market. An additional company, Koppers Machinefabriek B.V. in Holland, was acquired in December 1988. The company is a

world-leading supplier of machines and process lines for the ready-cooked food sector.

The following companies were acquired to widen the end of 1988: Koller, which will be the Flow Equipment Business Area's sales company in Finland, Labors AB, Stockholm, a supplier of instruments and accessories to laboratories in Sweden, and AB Albia, Stockholm, a paper and pulp cleaning company. The last two companies are part of the Zander & Ingeström Group.

The companies acquired at the end of 1988 provide the Group with annual sales of approximately MSEK 900. The 1988 income has not been affected by these acquisitions. Partial payments for the Sharples and Koppers acquisitions were made in 1988 and have thus affected the consolidated balance sheet.

During the past three years some twenty company acquisitions have been carried out and add approximately SEK 3.3 billion to the Group's total annual sales.

INVESTMENTS

Investments in buildings, machinery and equipment amounted to MSEK 444 (324), and mainly pertained to investments in production machinery, laboratory equipment and computers for production control and R&D.

LIQUIDITY AND FINANCING

Total funds supplied internally during the year amounted to a surplus of MSEK 1,078, not including company acquisitions. This was attributable to a healthy cash flow from after-tax income, capital rationalization measures and the sale of low-yield assets. Payment from the sale of Alfa-Laval property (MSEK 430) was received in January 1988. A net total of MSEK 676 was invested in company acquisitions. Thus liquid funds increased by MSEK 402 from surplus cash flow and by a further MSEK 636 from external borrowing. Total liquid funds amounted to MSEK 3,976 at year-end, which is MSEK 466 more than the Group's total external borrowing. Group net financial items amounted to MSEK 135 (58) as specified below:

(MSEK)	1988	1987
Net interest income/expenses	169	-9
Exchange differences	-36	-26
Other financial income	5	93

The improvement in net interest income was attributable to higher net liquidity and a higher surplus generated from the Finance Business Area, compared with last year. The negative exchange differences are on the most part attributable to the Group's Brazilian subsidiaries. Other financial income was realized mainly from capital gains on the sale of investment shares.

PERSONNEL

	1988	1987
Average number of employees in Sweden	5,114	5,539
Average number of employees outside Sweden	12,042	10,512
Total number of employees	17,156	16,051

The average number of employees increased by 1,105. Company acquisitions less company sales resulted in an increase of 411 employees. Consolidation of subsidiaries in India added 1,128 employees. Rationalization measures, mainly in the Food Engineering and Separation Business Areas, decreased the number of employees by 434.

FORECAST FOR 1989

During the first two months of 1989, order bookings were up 26 percent over a year ago, of which recently acquired companies accounted for 6 percentage points.

It is anticipated that the Group's invoiced sales will increase by approximately 15 percent in 1989. A continued improvement in income is expected.

CONSOLIDATED INCOME STATEMENT (MSEK)

	1988	1987
Involved sales	12,401.0	11,320.5
Cost of goods sold, selling, etc.	-11,143.2	-10,278.8
Operating income before depreciation	1,257.8	1,041.7
Planned depreciation	-342.9	-299.4
Operating income after depreciation	914.9	742.3
Financial income and expense	138.1	58.3
Income after financial income and expense	1,053.0	800.6
Extraordinary income and expense	8.9	465.2
Income after extraordinary income and expense	1,061.9	1,265.8
Lump sum write-down of goodwill	-	-565.9
Minority share in subsidiaries' income	-27.9	-7.8
Income before allocations and taxes	1,034.0	692.1
Allocations	56.9	-158.0
Income before taxes	1,090.9	534.1
Taxes	-354.2	-279.1
Net income for the year	736.7	255.0

DIVIDEND AND PROPOSED DISTRIBUTION OF UNAPPROPRIATED EARNINGS

The Board of Directors have proposed that the Annual General Meeting approve a dividend of SEK 15.50 (13) per share, which will require MSEK 227.5 (190.8). It is also proposed that the par value of Alfa-Laval's shares be changed from SEK 50 to SEK 12.50 by conversion of one SEK 50 share for four shares of SEK 12.50 each.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at the Stockholm Fair, Alvsjö, at 4:00 p.m. on Wednesday, May 10, 1989.

Stockholm, 15th March 1989

ALFA-LAVAL AB

The Board of Directors

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Herald Tribune

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FSX: Second Thoughts

Congress and the administration are having second thoughts about the Japan fighter deal negotiated by the Pentagon. It is by no means clear that the Pentagon took America's commercial interests fully into account or, as it contends, that it got the best deal available.

The deal on the table is that Mitsubishi Heavy Industries will develop the FSX, an essentially new plane loosely modeled on the F-16, the front-line U.S. fighter. Mitsubishi would gain access to the F-16's technology. In return General Dynamics would get part of the development work and a vague promise of 40 percent of the production.

Robert Mosbacher, the new commerce secretary, has rightly complained of his department's exclusion from the negotiations. His concerns have been backed by President Bush's chief of staff, John Sununu, who is skeptical of the Pentagon's technical arguments. Mr. Bush's best choice is to cancel the deal outright or at least to insist that its vague language be tightened to safeguard U.S. interests.

Amid the complex arguments for and against the deal, there are two basic points: First, Japan can use its defense dollars best by buying an American plane off the shelf. Developing its own at twice the cost would increase America's already heavy share of Japan's defense costs.

Second, America's trade deficit with Japan is a painful \$50 billion a year and getting no better. The F-16 is a high-quality product at an unmatchable price. Why wouldn't Japan seize such a chance to help itself and its chief ally and trading partner?

The Pentagon accepts both these arguments but says Japan simply refuses to buy off the shelf; the FSX deal was the best the Pentagon could strike. It says the United

States will get access to important Japanese technology. And it ridicules assertions that the deal could help Japan with its professed goal of building a civil aviation industry; F-16 technology, it argues, is old and irrelevant to commercial planes. But consider:

• Though a 1970s design, the F-16 is constantly upgraded: the technology is by no means old. Of most use to Japan's civil aviation goals, however, is not any specific technology but the experience of integrating various technologies in a single plane.

• There is no documentation of the claims that Japan has important technical breakthroughs to offer through the FSX deal. These are paper promises. If Japan has technology of military interest, the Pentagon can surely license it specifically.

• Japan's claim that it prefers to build its own fighter and agreed to the FSX only as a concession may be only a shrewd bargaining position. The last all-Japanese fighter, the F-1, was not very successful. Despite its formidable manufacturing skills, Japan could probably not build an adequate modern fighter without American help.

The Japanese are tough, defensive negotiators. In the FSX deal they have resolutely pursued their own commercial interests while the United States has allowed commercial interests to take second place to defense and foreign affairs.

Mr. Bush's best course would be to cancel the FSX deal, and count on Japan to recognize the obligations of its intimate partnership with the United States. As second best, he could insist on tightening the deal's vague promises of technology transfer and production shares. Japan might then choose to do what is in both countries' mutual interest — buy American fighter planes.

—THE WASHINGTON POST.

Steroids on the Stand

A pall was cast over last year's Olympic Games when the fastest man there, Ben Johnson of Canada, had his gold medal taken away because he tested positive for steroid use. Now the Canadians are conducting an extended inquiry into the matter that may, before it is over, do a great deal of good for sports in Canada and elsewhere.

So far the most dramatic testimony at the Toronto hearings has come from one man: Ben Johnson's coach, Charlie Francis. He has admitted giving steroids to Mr. Johnson and other Canadian athletes (with their knowledge), but he says that not to have done so would have amounted to "unilateral disarmament" because practically all the other top sprinters in the world use the body-building drugs. Mr. Francis claimed that British coaches told him they chose athletes for drug testing by drawing names from a hat, but left out the names of suspected steroid users. He said sports officials from other countries told of testing procedures that seemed designed primarily to avoid catching any cheaters. (The Dutch, he alleged, would sometimes just send a bottle to an athlete's hotel room and ask him to send back a urine sample.)

Charlie Francis, once an Olympic sprinter himself, got into coaching in the late '70s with a neighborhood team. He recruited local kids, mostly poor West Indian immigrants. One was Ben Johnson, who, when he first came out, was weak, slow and weighed only 93 pounds (42 kilograms). Mr. Francis recalled that once he took Ben

Johnson and his older brother, Eddie, to Montreal for a track meet and noticed that at dinner they ordered only a single plate of French fries to share.

In some sports, particularly boxing, there is nothing new about young people risking their health for a chance to break out of poverty. But that is no reason it should be allowed to happen in track and field as such events become increasingly lucrative. Ben Johnson was on steroids for seven years, according to Mr. Francis. The coach said there have been no side effects, but Mr. Johnson's lawyer said the runner has suffered a mild enlargement of his left breast. Another Canadian sprinter coached by Mr. Francis was Angela Issajenko, who has testified on her steroid history. She said she experienced hypoglycemia, fatigue, lower back pains, acne and water retention so severe that (as she noted in her diary) "My skin is getting so tight, it's hard to push the needle in, also to take it out."

Names are being named in these hearings, and angry denials are coming in from sportsmen in Europe and Canada. If the people making them were wronged, they should have their say, either in the Toronto hearings or in forums convened elsewhere. But it is a good thing finally to have this seamy business talked about openly, on the record and under oath. That is the only way doctors, athletes, coaches and others involved in these formerly amateur sports will be brought to deal with the problem.

—THE WASHINGTON POST.

Arming to Battle Drugs

Foreign agents are organizing disaffected young Americans and arming them for war. They have already seized control of whole neighborhoods, murdering hundreds in the process. Police and public officials are outgunned and overwhelmed.

This scenario is not fictional; as local thugs carry out the work of foreign drug cartels, the terror in the streets is real. If its purpose were political, America surely would have mounted a determined counterattack long ago. But the terror is a bloody side effect of drug abuse. Americans condemn narcotics, even as they spend billions to buy them — and then recoil in spasms of panic.

Last week brought another spasm, this time over the proliferation of military-style weapons among the drug gangs. New measures to disarm them are needed, but the larger problem requires more than frantic reactions. However complex and daunting the drug problem, the outlines of a constructive, realistic policy are clear.

Speaking in his inaugural Address, President Bush declared bravely that "this scourge must stop." But his only concrete proposal has been to call for a tougher federal death penalty. That is grandstanding: While the increase in murders is alarming, most drug-related crime does not involve killing and may not be subject to federal law. And while executions might give grisly vent to public frustration, they do nothing to deter the drug dealer on the street who may face death daily.

Meanwhile, Mr. Bush's drug policy director, William Bennett, remained intransigent. Then, last week, the furor over "high-tech killing machines" in the words of the Los Angeles police chief, Darryl Gates, persuaded the California Legislature to approve a ban on assault rifles. And meanwhile, the pace of murder in the District of Columbia has quickened. Mr. Bennett emerged and persuaded the president to drop his rigid

opposition to gun control and support a suspension of assault rifle imports.

That will not affect domestic producers. Nor does it eliminate tens of thousands of assault rifles already in private hands. But it does support states moving toward tougher bans, and it inspired a display of responsibility by one domestic manufacturer, Colt Industries, which withdrew its popular assault rifle, the AR-15, from the market.

Mr. Bennett vows to make Washington a laboratory for drug policy. That could be constructive — if he follows these principles:

The first mission of the police is to take back the streets. Where drug dealers have seized control of neighborhoods, police in New York and elsewhere have succeeded in regaining control with saturation tactics. Invasions of cops make it harder to buy drugs. That discourages new customers and may persuade addicts to seek help.

Drug treatment needs much more money. While there is no sure cure for cocaine addiction, many addicts respond to psychological counseling, sometimes combined with antidepressants, even acupuncture. Treatment ought to be available on demand.

The mass media can educate. Most kids watch television and listen to the radio, and groups like the Media Partnership for a Drug Free America are demonstrating that compelling advertising campaigns can transform attitudes.

A frustrated public clamors for immediate relief that no one knows how to provide. Yet requiring some control over street violence and using treatment and media campaigns to shrink demand are meaningful, achievable goals. The public will appreciate them to the extent it understands the limits of slogans and simple remedies. The drug problem in which Mr. Bennett is now acquiring new expertise also challenges his deeper experience — as a teacher.

—THE NEW YORK TIMES.

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Bush's Drug War Matters to the Third World

By Stephen S. Rosenfeld

WASHINGTON — The Bush administration's newly announced assault on drugs in the city of Washington qualifies as one of the major foreign-policy initiatives it has taken so far and as an entirely worthy one. It means that the American government is stepping up to a problem — drugs — with overwhelming implications for the producing nations of the Third World, especially in Latin America, and that it is stepping up in the first instance on the right side, which is the demand side, where the drugs are used, rather than on the supply side, where they are produced.

The Third World countries caught up in the coils of the drug trade have an immense and legitimate interest in seeing the United States accept a fundamental responsibility for it. They are not strangers to malingering, but they are desperate to have the United States act to choke American demand.

The U.S. market creates for them an inferno that consumes their far flatter social structures and official institutions. What for the United States is a terrible social disorder is coming to be for some of the Andean countries a matter of national life and death.

The United States has been through some uncertain stages in dealing with the international dimension of its drug problem. First there were efforts to jack up foreign law enforcement, promote crop eradication and substitution and in general to raise the issue to a level of formal and regular state-to-state concern. It was considered progress to get a reluctant State Department to add drug enforcement to the list of things diplomats concern themselves with.

More recently, frustration has prompted attempts to apply U.S. intelligence, law enforcement and military resources directly in the growing countries, to punish them (customs checks, aid cutoffs, public abuse) for their more conspicuous derelictions in the drug cause and to make the producers approach to this problem a humus test of their fitness to be America's partners on other matters.

These efforts have generally served U.S. relations with the growing countries, a price that would be acceptable if it were accompanied by a fall in the flow of drugs, but that has not happened. And diligent as it is, the American drug bureaucracy cannot credibly promise the requisite breakthrough.

Indeed, the situation may be getting worse. Douglas Payne writes in Freedom of Issue that in Colombia, the kingdom of crack, establishment elements are turning from war on drug traffickers to coexistence with them. The traffickers supply not only their powers of corruption and intimidation but also the seductive logic that drug proceeds serve to alleviate the country's poverty, hunger and social inequality.

As it happens, this evidence of the increasing perversities of coping with drugs on the supply side coincides with a pronounced new surge of U.S. interest in the international approach. President Bush has pronounced drugs a scourge to be routed, and his secretary of state, James

Baker, followed by inscribing drugs on the Soviet-American agenda. From Afghanistan, Soviet troops brought home a taste for drugs that has made the Kremlin more sensitive to this problem, and the easing of the Cold War makes more possible a concerted approach to it.

No doubt there are useful ways to apply the new international concern to cut supply — in intelligence sharing and law enforcement, for instance. This is a battle that has to be fought. But the underdevelopment of the Third World and the corruptions of the drug trade make it unrealistic to expect that even sharply improved international cooperation will make much difference on the supply side. We cannot afford to allow ourselves

to drift into the comforting thought that, with Mikhail Gorbachev aboard, things are looking up.

Demand remains the crucial front, and it is here where Mr. Bush's new drug campaign, starting in the U.S. capital, must stand. This means not only law enforcement but education and treatment. Unlike the Latins, the United States cannot plausibly argue that it does not have the resources to tame this beast. Under the best of conditions, the effort will be time-consuming, erratic and often disappointing. Not the least of the new campaign's benefits, however, is the new authority it gives Mr. Bush to go back to the Latins and ask them to increase the level of their commitment, too.

The Washington Post.

In a Chilean Valley, Some Men Fainted

By Juan de Onis

CONIHUE, Chile — In these golden days of early autumn, Chile's central valley is normally as busy as a beehive gathering in the fruits of a long year's work. This year, because of two poisoned grapes placed by unknown hands in a shipment to the United States, the valley is crippled and in shock.

I live in this valley, in a farmhouse surrounded by an orchard of nectarines, apples and grapes. My neighbors are mainly fruit growers, producers, packers, truckers and laborers. They work the four seasons to produce some of the best fruit in the world, and the rhythms of their lives culminate in the annual harvest.

Last Tuesday, thousands of men and women who had been harvesting hand-groomed grapes, flawless Packman pears and heavy red Delicious apples were assembled in front of the packing houses and told they were out of work. Some men fainted. Women sobbed. The farm owners promised to rehire everyone — if the U.S. ban on fruit imports from Chile was lifted (as it was on Friday).

But as the week advanced, the crisis only deepened. Refrigerated trucks carrying fruit to ports disappeared from the Pan-American Highway. Huge new packing houses that line the highway were locked and surrounded by security guards. The Chilean government held emergency cabinet meetings as if Chile were confronting an act of war. Demonstrations outside the U.S. Embassy in Santiago shouted anti-American slogans.

"The social problem is going to be enormous," said Ramón Achurra, who operates a large farm and packing operation. "Chile's fruit industry employs 300,000 workers, and with their families this suspension affects at least one million people. The central valley is going to be a cemetery of all their hopes this year."

My neighbor, Juan Ramón Cuevas, a farm foreman, and his wife Macarena, who is expecting their third child, had bought some furniture on credit, expecting to be able to pay with the Ricardo Soto, who has hauled fruit for me, is buying a second truck to take fruit to the ports of San Antonio and Valparaíso, the hubs of Chile's \$600 million-a-year fruit export business. He was just notified that all truck contracts have been canceled.

As telegrams poured into the offices of export companies canceling fruit orders, the dimensions of the crisis widened. Exporters defaulted on bank loans, shipping contracts were broken by foreign brokers, and farmers, with refrigerated warehouses loaded to capacity, watched ripe fruit begin to fall in their orchards with no place to go.

"There has been a hysterical overreaction in the United States and Europe," one grower said. "There is no plausible relationship between two poisoned grapes and 30 million boxes of quality grapes that we ship to the United States."

However implausible, the reality was as devastating as an earthquake. A telegram from A&P, the U.S. supermarket chain, to the Chilean Fruit Exporters Association gave little hope: "When we resume offering Chile's fruit to the public, whether next month or next season, we must be able to offer a safe piece of fruit, free of tampering. We must remove the cloud of doubt."

The government plans a major advertising campaign abroad to restore confidence in Chilean fruit. But in the central valley, people are baffled. And even though the United States has lifted the ban, this year's harvest seems lost, with ruin for many, large and small.

The writer, a former foreign correspondent, is now a fruit farmer in Chile and edits the South Pacific Mail in Santiago. He contributed this to the Los Angeles Times.

For Khomeini, Rushdie Was a Useful Diversion

By Reza Pahlavi II

The writer is the eldest son of the late shah of Iran.

WASHINGTON — When the 12 member nations of the European Community withdrew their senior envoys from Iran, my countrymen were heartened. Not because they welcomed a contraction of relations with the West, and certainly not because they condoned the disrespect Salman Rushdie had shown to Islam — but because Europe had caught a glimpse of Ayatollah Khomeini's brand of jurisprudence, which has devoured so many of our best and bravest.

Suddenly the scam had become shamefully clear for all to see. Ineffective in war, the regime was feeling its ineptitude in peacetime. Demands for reconstruction and normalization of national life threatened to shift power from the radical pillars of the Islamic Republic to the managers and engineers, from professional fanatics and masters of violence to voices of progress.

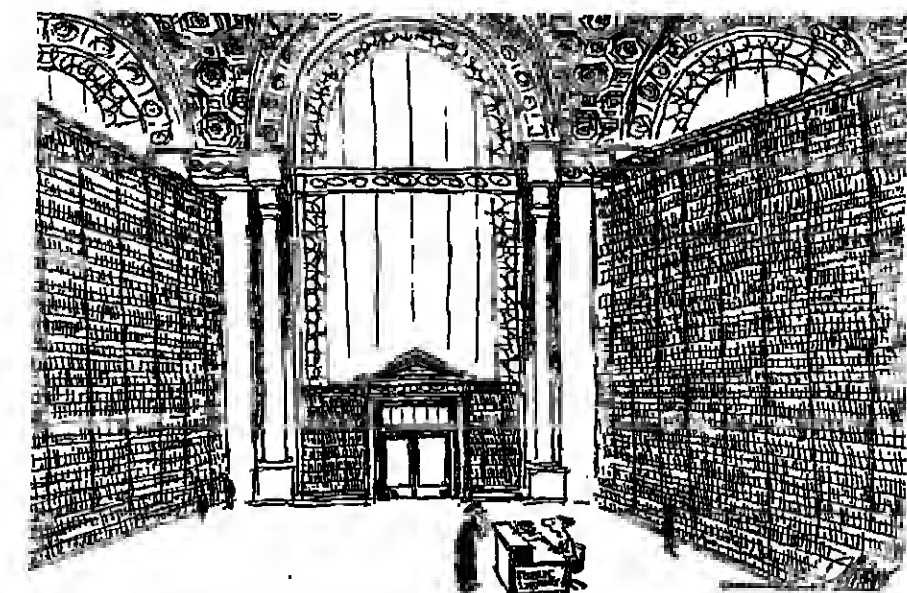
If we know anything about those who form Ayatollah Khomeini's power base it is this: They will plunder, maim, kill — anything — to perpetuate crisis. They know that cannot maintain power in peace and tranquility. In every crisis, the Islamic and Islamic Committees, which retain the most elementary provisions, rally those in greatest need to demonstrate against the "satanic West."

But there is method in their madness. For if Westerners believe that my countrymen hate them, they will tend to ignore atrocities committed among Iranians; furthermore, this cruel regime will be able to make any gesture on the Western hostages look like a favor. These circumstances reduce Iran's chances of taking part in the march of civilization. And that is exactly what the Islamic Republic wants, for its stalwarts are convinced that the choice for Iran is either them or the 20th century.

But do not believe them. Iranians do not hate the West. Ask the tens of thousands of Westerners who worked and lived in Iran before fleeing in fear of the ayatollah. Ask them about Iranian hospitality. Ask them about the children of Cyrus, the king who wrote a code of diplomatic immunity, who wrote a code of human rights, who preached religious tolerance 25 centuries ago. They will tell you that they felt safe and happy in Iran.

Yet, today the world associates religious intolerance and all forms of terrorism with Iran. Why? The people have not changed — except that they suffer today under a killing regime. As wishful thinkers waited for the Islamic Republic to grow moderate, some of us tried to remind them that those who had brought the ayatollah to power would continue with their struggle if it took a thousand years. True, the radicals, for reasons of experience, have shown some tolerance toward pragmatists within the regime. The latter make it possible to maintain minimum necessary economic ties with the West.

As soon as radicals have settled scores with the voices of moderation, as soon as hysteria has neutralized the pain and hunger of the masses,



"Burn them? You mean ALL of them?"

the Rushdie affair will subside. And as soon as my countrymen get the chance they will do their best to restore sanity. They will then remember what Europe and other nations do now. Iranians know that they benefit from equitable trade and cultural exchange. But they will not accept trade as a lever by their oppressors to make the West turn a blind eye to brutality and suffering in Iran.

Our younger generation now constitutes a majority of the population. They have hope but no illusions. They observe and decide for themselves: Is the European Community the promise of a new moral order, or a regrouping for more efficient conduct of the old realpolitik? Is the Helsinki vow of concern for human rights in foreign policy based on beliefs, or is it just another ploy in East-West competition?

The test is simple. They will remember whether those lofty ideals are applied universally — or only where it is profitable. On that basis they will decide either to revert to cynicism or to become partners in building a better world.

International Herald Tribune.

Some Will Take Grim Delight in the Next Recession

By George F. Will

WASHINGTON — J. Robert Oppenheimer recalled that scientists working on the hydrogen bomb felt a fascination stronger than any foreboding because the concept of the bomb was so "technically sweet." Economists could be forgiven for feeling that way about the next recession: It is going to be so interesting. They will learn from it, the way architects learn from an earthquake.

The downturn probably will start with the budget deficit around \$150 billion, so \$300 billion deficits might occur in the recession. Already about 1,000 savings and loan institutions (in addition to those covered by the Bush administration's rescue plan) are almost or actually insolvent. In a recession, they could radically increase the cost of the government's rescue plan. That plan is now estimated to cost \$126 billion over 10 years.

Then there is the Third World debt crisis. It is primarily a First World crisis. A U.S. recession would slow imports from the Third World and make it even harder for those nations to pay American banks.

U.S. business debt today is 30 percent higher than the historical norm, relative to GNP. This is partly because of leveraged buyouts. At the end of 1988, 11 leading banks had \$21 billion in LBO loans. Moody's, a subsidiary of Dun & Bradstreet, says the 11 banks' LBO loan exposure is equivalent to 33 percent of their capital. Furthermore, what is delicately called "underperforming" Third World loans amount to 100 percent of those banks' capital.

Kenneth J. H. Pinker of Moody's has told Congress that "only when the business cycle reasserts itself, and we experience a more challenging economic environment, will LBOs truly be tested." But he adds that "there is a business cycle" and a recession "could produce a significant level of nonperforming loans," and that could jeopardize "the stability of highly exposed institutions."

Now, the proposition "there is a business cycle" is not comparable to "there are seasons." Michael Boskin, chairman of the Council of Economic Advisors, rightly says that no recession is necessary. It is, he says, a misleading of economic history to suggest that either the frequency or amplitude of recessions is predictable.

True. But there have been eight recessions in the last 40 years, only every five years, on average. The longest period between recessions was from the end of the fourth recession in February 1961, to the beginning of the fifth in December 1969, a span of eight years and nine months. That sustained expansion was the result, in part, of President Johnson's guns-and-butter (Great Society and Vietnam War) policy. The most recent recession, the severest contraction since the Depression, ended in December 1982, six years and three months ago.

Mr. Boskin knows of "no economic law mandating that economic expansions be of old age." True, but there is a law of averages. There are probabilities regarding public-policy mistakes

and private-sector miscalculations. There are three kinds of causes of recessions. One is a shock, external or domestic, such as the revolution in oil prices. Some analysts argue that cuts in military spending triggered the 1957-58 recession.

A second cause of recessions is a policy mistake. For example, the Federal Reserve might act to apply the brakes to the economy after the economy already had begun to slow.

A policy choice can be a third cause of recession. The Fed chose to bring inflation from the economy in 1981-82 — not the sort of choice the political side of government is apt to make. But by treating the Fed as independent (actually, it is a creature of Congress), the political side tacitly concedes that such choices can be necessary.

A fourth cause of recession can be cumulative imbalances in the private sector, such as mismanagement of inventories that become a drag on growth. However, there have actually been three mini-recessions during the current long expansion. In the mid-1980s, the rising dollar stunned exports and hence manufacturing. Then the farm sector sagged, partly because farmers overextended themselves, buying land because they assumed inflation would continue high. Then falling oil prices flattened the oil patch.

But the expansion continued. As the services sector has grown as a percentage of the economy, the economy has become more recession-resistant. The services sector has no

inventories: Its product is consumed as it is produced.

The recession may be slow in coming. But when — not if — it comes, the pain will be mitigated by the pleasure of learning so much about the vulnerability of a mismanaged economy. It may, you might say, a crash course. Washington Post Writers Group.

100, 75 AND 50 YEARS AGO

1889: No New Opéra

PARIS — The Minister of Beaux Arts, judging that, whatever be the goodwill with which the Parliament takes up the question of rebuilding the Opéra Comique, that theatre could never rise from its ashes until long after the Exhibition, proposes to temporarily utilize the site. The inhabitants of the quarter are holding up their hands in holy horror. The site of the old Opéra Comique to be desecrated by anything save a new Opéra Comique? Never! Yesterday (March 18) a deputation went to tell Mr. Fallières, that in default of the real thing, they wanted nothing.

1914: Clashes in Tokyo

TOKYO — The joint conference of the two Houses on the budget has failed to arrive at a compromise. This means that the budget will not be voted. The naval appropriation for 1914-1915 thus failing, it is feared that 8,000 men in the Yokosuka

A Dynamic Of Change in South Africa

By Anthony Lewis

LONDON — The diplomatic air here is full of hopeful talk about South Africa: talk of change and negotiation and peace. Prime Minister Margaret Thatcher gave voice to the sense of possibility in the House of Commons last week. She was "optimistic," she said, that "before very long" the South African government would release Nelson Mandela.

History demands skepticism when there is talk of transformation in South Africa. The real issue is power, and the while minority that holds power has not shown any convincing sign of willingness to share it. But there are changes in the dynamics working on the country.

One of them is the role of the Soviet Union. For years the Soviet Union has had no diplomatic relations with Pretoria, and it supported "armed struggle" against the regime. Then, last year, it played a vital part in arranging the Angola-Namibia settlement with South Africa. Since then Russians and South Africans have met a number of times, most recently at a notably cordial conference near London.

Last week the head of the Soviet Foreign Ministry's African department, Yuri Yakovlev, said the Soviet Union did not want to "engage the armed struggle." "We would prefer a political settlement," he said. "South Africa should be destroyed. There should be dialogue."

Similar words came from Anatoli Gromyko, soo of the former Soviet president, who heads an Africa Institute in Moscow. He said a solution in South Africa would require "sitting down for negotiations for two, three or however many years."

The new Soviet line sounds to some like a call to the African National Congress to stop its guerrilla actions and campaign instead for political negotiations. But of course it takes two to negotiate, and the South African government has always rejected any idea of talking with the ANC. Might that attitude be softening, too? Some observers in South Africa believe so. Chris Heunis, a leading cabinet member, referred recently to the ANC not in the usual way as a group of Communist terrorists but as "a nationalist movement," and he urged it "to repudiate violence and declare itself in favor of the peaceful process of negotiation."

If there is a movement among white South Africans toward negotiation, it is not a result of inspired political leadership. It comes, rather, from the slow acknowledgment of demographic and economic realities. Whites are now only 13.5 percent of the South African population, and the percentage is shrinking. Blacks are essential skilled workers and customers. The nation's future majority can be confined to the margins, geographically and economically, is harder and harder to maintain. And it is clear to everyone that urgently needed foreign investment will not come in while the apartheid state remains.

But the question, as always, is how to move from economic to political change. People do not easily give up power. In South Africa they have not even wanted to talk about it.

Three years ago a Commonwealth mission offered a formula. It called on the government to release imprisoned leaders, including Mr. Mandela, and end its ban on the ANC and other anti-apartheid organizations. It called on the ANC to suspend violence. Then, it said, negotiations could begin. Some observers in South Africa believe so. Chris Heunis, a leading cabinet member, referred recently to the ANC not in the usual way as a group of Communist terrorists but as "a nationalist movement," and he urged it "to repudiate violence and declare itself in favor of the peaceful process of negotiation."

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MONDAY, MARCH 20, 1989

CURRENCY MARKETS

Bundesbank Will Fight
Further Dollar Advance

By JANET CUTTSMAN

FRANKFURT — The Bundesbank's slowness in joining last week's central bank intervention against the dollar does not mean the West German central bank is happy with the U.S. currency's rise, according to foreign-exchange dealers and economists.

"The Bundesbank has made it clear it would prefer a lower dollar to cut world current-account imbalances. I cannot imagine that has changed," said one economist.

The Bundesbank is usually one of the leaders of the intervention pack. But on Friday, it stood on the sidelines while other banks joined forces to try to brake the dollar's climb.

However, the intervention did little to dent the currency market's bullish mood, dealers said. The dollar closed Friday at 1.8763 Deutsche marks, up from 1.8693 DM on Thursday.

The main factor behind the rise was the sharper-than-expected 1.0 percent jump in U.S. wholesale prices in February. The increase revived speculation that a rise in U.S. interest rates may be imminent.

"The higher inflation level means everyone is talking about a U.S. rate rise and pushing the dollar up," said one trader. "The intervention just meant there were cheap dollars to buy."

Dealers said the Bundesbank dollar sales were probably too small in volume to have much impact.

"The action was very, very small, no-one saw it," said one dealer at a major West German bank. "Maybe they just sold \$5 million and then went home," said another.

However, dealers said central banks seemed determined to hold the dollar below 1.90 DM, the level seen by many traders as the upper limit for the dollar mandated by the February 1987 Louvre agreement among the Group of Seven industrialized nations.

The Group of Seven nations — the United States, Japan, West Germany, France, Britain, Canada and Italy — have gradually tightened their credit policies in recent months in an effort to head off inflationary pressures.

ALTHOUGH MANY economists feared that rate rises among the Group of Seven would become a competitive spiral, traders said central banks may now hold off from further rate rises until they get the dollar back under control.

"If the dollar heads for 1.90 marks, the central banks will be in a mass," said Richard Passow, a currency trader at Bank für Gemeinwirtschaft.

Mr. Passow noted that a firmer dollar could cause problems for West Germany and the United States, boosting the cost of West German imports and making a narrower U.S. trade deficit less likely.

As energy prices are fixed in dollars, a firmer dollar also means the U.S. will face higher energy costs, he said.

Mr. Passow saw 1.8825 DM as a strong resistance level. "If we get above that, the dollar will continue to rise," he said.

Juergen Pfister, an economist at Commerzbank, said the Bundesbank's delay in joining Friday's central bank dollar sales could have been a deliberate attempt to prevent the market reading too much into its every move.

"The Bundesbank is not going to stop taking up arms to prevent a strong fall of the mark," Mr. Pfister said.

Mr. Pfister noted the Bundesbank's switch to a fixed-rate tender for securities repurchase agreements showed the central bank had no interest in higher interest rates in the short-term. Future interest rate moves would depend on the dollar and on what happened to U.S. interest rates, he said.

"If the dollar moves much further towards 1.90 DM, the Bundesbank will have to do something," he said. He expected the Bundesbank to follow rather than lead any interest rate moves.

By signaling to the markets that it has no intention of raising rates soon, the Bundesbank is in effect relying on open market intervention to keep its monetary policy tight, analysts noted. By selling dollars for marks, the West German central bank effectively drains marks from the banking system.

The mark's weakness against the dollar last week did not extend to other currencies. The Swiss franc lost further ground against the mark, although dealers said it could find support at 116.00 DM per 100 francs. The Swiss franc ended at 116.08 DM after closing Thursday at 116.28 DM.

The French franc eased to 29.53 DM per 100 francs and the yen fell to 142.40 DM per 100 yen, pressured by Japan's Recruit Cosmos trading scandal.

Against a basket of 14 major currencies, the mark was unchanged at 168.1 percent of its 1972 value. Six-month Eurodollar rates rose to 10 1/4 percent from 10 1/8 percent and six-month Eurodollar rates firmed to 6 1/2 percent from 6 1/16 percent. The Eurodollar column does not appear this week; Carl Gewirtz is away on assignment.

Currency Rates

Stock Indices		Money Rates	
United States	Mar. 17	Mar. 17	Mar. 18
Oil Indus.	2,292.14	Discount rate	7.00
Oil Untr.	182.82	Federal funds rate	7.00
Oil Trans.	1,089.10	Prime rate	11 1/2
S & P 100	370.00		
S & P 500	292.78	Discount	2 1/2
S & P Ind	337.78	Call money	4.00
NVSE Cap	144.44	3-month interbank	4 3/32
Stocks			
FTSE 100	2,073.10	Libor	6.00
JPX	1,705.50	Call money	5.00
Nikkei 225	30,021.01	3-month interbank	6.55
Global Germany		Libor	
Commodity	1,460.20	Bank base rate	13.80
Phone Share	1,324.94	Call money	12 1/2
Money Share	1,324.94	3-month interbank	13 1/2
USCIP	39.40	Gold	Mar. 17
MSCIP	39.40	London am. fix	394.30
			+ 0.20 %

Weekly International Bond Prices

Provided by Credit Suisse First Boston Securities, London, Tel.: 01 323 11 30
Prices may vary according to market conditions and other factors.

Dollar Straights

Issuer	Con	Mat	Price	Yld	Cur	Yld
Australia						
Austl Govt	10	97	102.1	10.1	10.1	10.1
Austl Govt	11	97	102.1	10.1	10.1	10.1
Austl Govt	12	97	102.1	10.1	10.1	10.1
Austl Govt	13	97	102.1	10.1	10.1	10.1
Austl Govt	14	97	102.1	10.1	10.1	10.1
Austl Govt	15	97	102.1	10.1	10.1	10.1
Austl Govt	16	97	102.1	10.1	10.1	10.1
Austl Govt	17	97	102.1	10.1	10.1	10.1
Austl Govt	18	97	102.1	10.1	10.1	10.1
Austl Govt	19	97	102.1	10.1	10.1	10.1
Austl Govt	20	97	102.1	10.1	10.1	10.1
Austl Govt	21	97	102.1	10.1	10.1	10.1
Austl Govt	22	97	102.1	10.1	10.1	10.1
Austl Govt	23	97	102.1	10.1	10.1	10.1
Austl Govt	24	97	102.1	10.1	10.1	10.1
Austl Govt	25	97	102.1	10.1	10.1	10.1
Austl Govt	26	97	102.1	10.1	10.1	10.1
Austl Govt	27	97	102.1	10.1	10.1	10.1
Austl Govt	28	97	102.1	10.1	10.1	10.1
Austl Govt	29	97	102.1	10.1	10.1	10.1
Austl Govt	30	97	102.1	10.1	10.1	10.1

Issuer	Con	Mat	Price	Yld	Cur	Yld
Canada						
Bank of Montreal	15	97	102.1	10.1	10.1	10.1
Bank of Montreal	16	97	102.1	10.1	10.1	10.1
Bank of Montreal	17	97	102.1	10.1	10.1	10.1
Bank of Montreal	18	97	102.1	10.1	10.1	10.1
Bank of Montreal	19	97	102.1	10.1	10.1	10.1
Bank of Montreal	20	97	102.1	10.1	10.1	10.1
Bank of Montreal	21	97	102.1	10.1	10.1	10.1
Bank of Montreal	22	97	102.1	10.1	10.1	10.1
Bank of Montreal	23	97	102.1	10.1	10.1	10.1
Bank of Montreal	24	97	102.1	10.1	10.1	10.1
Bank of Montreal	25	97	102.1	10.1	10.1	10.1
Bank of Montreal	26	97	102.1	10.1	10.1	10.1
Bank of Montreal	27	97	102.1	10.1	10.1	10.1
Bank of Montreal	28	97	102.1	10.1	10.1	10.1
Bank of Montreal	29	97	102.1	10.1	10.1	10.1
Bank of Montreal	30	97	102.1	10.1	10.1	10.1

Issuer	Con	Mat	Price	Yld	Cur	Yld
France						
BNP	7	91	104.6	10.6	10.6	10.6
BNP	8	91	104.6	10.6	10.6	10.6
BNP	9	91	104.6	10.6	10.6	10.6
BNP	10	91	104.6	10.6	10.6	10.6
BNP	11	91	104.6	10.6	10.6	10.6
BNP	12	91	104.6	10.6	10.6	10.6
BNP	13	91	104.6	10.6	10.6	10.6
BNP	14	91	104.6	10.6	10.6	10.6
BNP	15	91	104.6	10.6	10.6	10.6
BNP	16	91	104.6	10.6	10.6	10.6
BNP	17	91	104.6	10.6	10.6	10.6
BNP	18	91	104.6	10.6	10.6	10.6
BNP	19	91	104.6	10.6	10.6	10.6
BNP	20	91	104.6	10.6	10.6	10.6
BNP	21	91	104.6	10.6	10.6	10.6
BNP	22	91	104.6	10.6	10.6	10.6
BNP	23	91	104.6	10.6	10.6	10.6
BNP	24	91	104.6	10.6	10.6	10.6
BNP	25	91	104.6	10.6	10.6	10.6

Issuer	Con	Mat	Price	Yld	Cur	Yld
Germany						
Deutsche Bank	10	91	104.6	10.6	10.6	10.6
Deutsche Bank	11	91	104.6	10.6	10.6	10.6
Deutsche Bank	12	91	104.6	10.6	10.6	10.6
Deutsche Bank	13	91	104.6	10.6	10.6	10.6
Deutsche Bank	14	91	104.6	10.6	10.6	10.6
Deutsche Bank	15	91	104.6	10.6	10.6	10.6
Deutsche Bank	16	91	104.6	10.6	10.6	10.6
Deutsche Bank	17	91	104.6	10.6	10.6	10.6
Deutsche Bank	18	91	104.6	10.6	10.6	10.6
Deutsche Bank	19	91	104.6	10.6	10.6	10.6
Deutsche Bank	20	91	104.6	10.6	10.6	10.6
Deutsche Bank	21	91	104.6	10.6	10.6	10.6
Deutsche Bank	22	91	104.6	10.6	10.6	10.6
Deutsche Bank	23	91	104.6	10.6	10.6	10.6
Deutsche Bank	24	91	104.6	10.6	10.6	10.6
Deutsche Bank	25	91	104.6	10.6	10.6	10.6

Issuer	Con	Mat	Price	Yld	Cur	Yld
Italy						
Montedison	10	91	104.6	10.6	10.6	10.6
Montedison	11	91	104.6	10.6	10.6	10.6
Montedison	12	91	104.6	10.6	10.6	10.6
Montedison	13	91	104.6	10.6	10.6	10.6
Montedison	14	91	104.6	10.6	10.6	10.6
Montedison	15	91	104.6	10.6	10.6	10.6
Montedison	16	91	104.6	10.6	10.6	10.6
Montedison	17	91	104.6	10.6	10.6	10.6
Montedison	18	91	104.6	10.6	10.6	10.6
Montedison	19	91	104.6	10.6	10.6	10.6
Montedison	20	91	104.6	10.6	10.6	10.6
Montedison	21	91	104.6	10.6	10.6	10.6
Montedison	22	91	104.6	10.6	10.6	10.6
Montedison	23	91	104.6	10.6	10.6	10.6
Montedison	24	91	104.6	10.6	10.6	10.6
Montedison	25	91	104.6	10.6	10.6	10.6

Mutual Funds

Issuer	Con	Mat	Price	Yld	Cur	Yld
USA						
Fidelity	10	91	104.6	10.6	10.6	10.6
Fidelity	11	91	104.6	10.6	10.6	10.6
Fidelity	12	91	104.6	10.6	10.6	10.6
Fidelity	13	91	104.6	10.6	10.6	10.6
Fidelity	14	91	104.6	10.6	10.6	10.6
Fidelity	15	91	104.6	10.6	10.6	10.6
Fidelity	16	91	104.6	10.6	10.6	10.6
Fidelity	17	91	104.6	10.6	10.6	10.6
Fidelity	18	91	104.6	10.6	10.6	10.6
Fidelity	19	91	104.6	10.6	10.6	10.6
Fidelity	20	91	104.6	10.6	10.6	10.6
Fidelity	21	91	104.6	10.6	10.6	10.6
Fidelity	22	91	104.6	10.6	10.6	10.6
Fidelity	23	91	104.6	10.6	10.6	10.6
Fidelity	24	91	104.6	10.6	10.6	10.6
Fidelity	25	91	104.6	10.6	10.6	10.6
Fidelity	26	91	104.6	10.6	10.6	10.6
Fidelity	27	91	104.6	10.6	10.6	10.6
Fidelity	28	91	104.6	10.6	10.6	10.6
Fidelity	29	91	104.6	10.6	10.6	10.6
Fidelity	30	91	104.6	10.6	10.6	10.6

Issuer	Con	Mat	Price	Yld	Cur	Yld
UK						
Barclays	10	91	104.6	10.6	10.6	10.6
Barclays	11	91	104.6	10.6	10.6	10.6
Barclays	12	91	104.6	10.6	10.6	10.6
Barclays	13	91	104.6	10.6	10.6	10.6
Barclays	14	91	104.6	10.6	10.6	10.6
Barclays	15	91	104.6	10.6	10.6	10.6
Barclays	16	91	104.6	10.6	10.6	10.6
Barclays	17	91	104.6	10.6	10.6	10.6
Barclays	18	91	104.6	10.6	10.6	10.6
Barclays	19	91	104.6	10.6	10.6	10.6
Barclays	20	91	104.6	10.6	10.6	10.6
Barclays	21	91	104.6	10.6	10.6	10.6
Barclays	22	91	104.6	10.6	10.6	10.6
Barclays	23	91	104.6	10.6	10.6	10.6
Barclays	24	91	104.6	10.6	10.6	10.6
Barclays	25	91	104.6	10.6	10.6	10.6
Barclays	26	91	104.6	10.6	10.6	10.6
Barclays	27	91	104.6	10.6	10.6	10.6
Barclays	28	91	104.6	10.6	10.6	10.6
Barclays	29	91	104.6	10.6	10.6	10.6
Barclays	30	91	104.6	10.6	10.6	10.6

Issuer	Con	Mat	Price	Yld	Cur	Yld
Japan						
Sanwa	10	91	104.6	10.6	10.6	10.6
Sanwa	11	91	104.6	10.6	10.6	10.6
Sanwa	12	91	104.6	10.6	10.6	10.6
Sanwa	13	91	104.6	10.6	10.6	10.6
Sanwa	14	91	104.6	10.6	10.6	10.6
Sanwa	15	91	104.6	10.6	10.6	10.6
Sanwa	16	91	104.6	10.6	10.6	10.6
Sanwa	17	91	104.6	10.6	10.6	10.6
Sanwa	18	91	104.6	10.6	10.6	10.6
Sanwa	19	91	104.6	10.6	10.6	10.6
Sanwa	20	91	104.6	10.6	10.6	10.6
Sanwa	21	91	104.6	10.6	10.6	10.6
Sanwa	22	91	104.6	10.6	10.6	10.6
Sanwa	23	91	104.6	10.6	10.6	10.6
Sanwa	24	91	104.6	10.6	10.6	10.6
Sanwa	25	91	104.6	10.6	10.6	10.6
Sanwa	26	91	104.6	10.6	10.6	10.6
Sanwa	27	91	104.6	10.6	10.6	10.6
Sanwa	28	91	104.6	10.6	10.6	10.6
Sanwa	29	91	104.6	10.6	10.6	10.6
Sanwa	30	91	104.6	10.6	10.6	10.6

10.4	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	
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New International Bond Issues

Compiled by Bassam Aoun

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
FIXED-COUPON						
Bergan Bank	\$100	1999	10%	102	—	Callable at par in 1992. Fees 2% (Oréal Barillon Lombard Securities).
Daimler-Benz Int'l Finance BV	\$100	1999	10	102 1/4	—	Noncallable. Fees 2% (Deutsche Bank Capital Markets).
E.I. du Pont de Nemours	\$250	1992	10%	101 1/2	99.47	Noncallable. Fees 1 1/2% (Credit Suisse First Boston).
GMBS Int'l N° 1	\$100	1992	10%	101 1/4	99 1/4	Noncallable. Fees 1 1/2% (Bankers Trust Int'l).
Kansai Electric Power	\$350	1996	10	100 1/4	98.875	Noncallable. Fees 1 1/2% (Nippon Int'l).
Société Nationale des Chemins de Fer	\$ 50	1990	14%	101 1/4	100.50	Redeemable in ECU at a rate of 1.13 ECU per U.S. dollar. Fees 1% (Bankers Trust Int'l).
Spekassen SDS	\$100	1999	10%	102	—	Callable at par in 1992. Fees 2%. Denominations \$250,000. (Oréal Barillon Lombard Securities).
Svenska Handelsbanken	\$100	1990	10%	100 1/4	—	Noncallable. Fees 3/4% (Yanichi Int'l).
Sumitomo Metal Int'l Finance Nederland BV	\$100	1992	10%	101 1/2	97.95	Noncallable. Fees 1 1/2%. Denominations \$10,000. (Oréal Barillon Lombard Securities).
Bank for Foreign Economic Affairs U.S.S.R.	DM 750	1996	7	100 1/4	97.55	Noncallable. Fees 2 1/2% (Deutsche Bank).
European Investment Bank	DM 600	1996	6%	101 1/4	99.875	Noncallable. Fees 1 1/2% (Deutsche Bank).
World Bank	DM 150	1997	6%	100 1/4	—	Noncallable. Fees 1 1/2% (Deutsche Bank).
CIR Int'l	ITL 100,000	1994	13	101 1/4	—	Noncallable. Fees 1 1/2% (Banca di Napoli).
Council of Europe	ECU 40	1990	14	101 1/4	—	Redeemable either in ECU or in U.S. dollars at a fixed rate of 1.14 ECU per dollar. Fees 1% (Morgan Stanley Int'l).
European Investment Bank	ECU 150	1999	9	101 1/4	99.875	Noncallable. Purchase fund from May 20, 1989 to Apr. 20, 1990 for up to 10 million ECU. Year two is 7.50 million, year three is 5 million. Fees 2% (Mitsubishi Finance Int'l).
PKBanken	ECU 50	1991	9%	101 1/4	99.775	Noncallable. Fees 1 1/2% (Nippon Int'l).
Eurofima	Aus \$50	1990	20%	101 1/4	100.75	Redeemable in U.S. dollar at a fixed rate of Aus\$0.78 per U.S. dollar. Fees 1 1/2% (Bankers Trust Int'l).
IBM Australia Credit	Aus \$75	1993	15%	102	100.05	Noncallable. Fees 1 1/2% (Salomon Brothers Int'l).
Swedish Export Credit	Aus \$50	1991	30	100	—	Redemption is linked to the Aus\$/Yen spot rate five days before maturity. Fees 2% (Merrill Lynch Int'l).
C. Itoh Finance (Europe)	¥ 5,000	1993	7 1/2	111	—	Noncallable. Fees 1 1/2%. Denominations 1 million yen. (New Japan Securities Europe).
National & Provincial Building Society	¥ 15,000	1994	5%	101 1/4	—	Noncallable. Fees 1 1/2%. Denominations 1 million yen. (RJI Int'l).
OLB	¥ 60,000	1999	5 1/2	102	—	Callable at par from 1992. Fees 2%. Denominations 100 million yen. (Salomon Brothers Int'l).
Skopbank	¥ 5,000	1994	7 1/2	101 1/4	—	Callable and redeemable at par in 1992. Redemption linked to the Japanese Nikkei stock index. Fees 1 1/2%. Denominations 100 million yen. (Yanichi Int'l Europe).
EQUITY-LINKED						
Asahi Glass Co.	\$400	1993	4%	100	102.75	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares of 2,173 yen per share and at 130.60 yen per dollar. Fees 2 1/2% (Yanichi Int'l Europe).
Asahi Glass Co.	\$200	1993	4%	100	102.75	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares of 2,173 yen per share and at 130.60 yen per dollar. Fees 2 1/2% (Singapore Overseas Merchant Bank).
Honda Motor Co.	\$500	1993	4%	100	103.00	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares of 2,009 yen per share. Fees 2 1/2% (Nippon Int'l).
Nachi-Fujikoshi	\$150	1993	4%	100	102.00	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares of 1,925 yen per share and at 130.60 yen per dollar. Fees 2 1/2% (Yanichi Int'l Europe).
Nippon Thompson Co.	\$100	1993	4%	100	101.50	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares of 1,312 yen per share. Fees 2 1/2% (Nippon Kasei Kofuna Europe).
Ohbayashi	\$200	1993	open	100	107.75	Coupon indicated at 4 1/2%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares of 1,925 yen per share and at 130.60 yen per dollar. Fees 2 1/2% (Nippon Int'l).
Sekisui Chemical Co.	\$300	1993	4%	100	102.75	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares of 1,343 yen per share and at 131.80 yen per dollar. Fees 2 1/2% (Nippon Securities Europe).
Setisu	\$200	1994	5	100	—	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares of 996 yen per share. Fees 2 1/2% (Oréal Europe).
Teijin	\$300	1993	open	100	102.25	Coupon indicated at 4 1/2%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares of 1,343 yen per share and at 131.80 yen per dollar. Fees 2 1/2% (Nippon Int'l).
Asahi Glass Co.	DF 200	1993	1	100	99.25	Noncallable. Each 10,000-guilder note with two warrants exercisable into company's shares of 2,173 yen and at 62.26 yen per guilder. Fees 2 1/2% (Amsterdam-Notterdam Bank).
Honda Motor Co.	DF 400	1993	1	100	98.25	Noncallable. Each 10,000-guilder note with two warrants exercisable into company's shares of 2,009 yen per share. Fees 2 1/2% (Amsterdam-Notterdam Bank).

Finance Units U.S. Metals Firms at Odds on Quotas

By Jonathan P. Hicks
New York Times Service

NEW YORK — The 5-year-old agreements that limit steel imports from 29 countries into the United States were once hailed as necessary for the revival of the American steel industry, but segments of the business now are divided over whether the quotas should be allowed to expire this year.

The voluntary restraint agreements, as the quotas are called, limited imported steel to about 20 percent of domestic consumption. In 1984, the year they went into effect, imported steel accounted for 26.4 percent of U.S. consumption, up from 17.8 percent in 1977, and industry officials blamed their rising losses on the growing tide of inexpensive foreign steel.

Now, however, a growing number of steel buyers criticize the quota structure, complaining that it has raised the price of steel and reduced its availability in some instances.

The conflict has pitted steel producers, who see their progress hampered by any weakening of the agreements, against their customers, who say that they are being hurt by the higher prices.

President George Bush supports extending the measures beyond their September expirations, but he has not said for how long or indicated whether he backs modifications.

Steel producers say prices have risen just 4 percent since 1984, far less than increases for chemicals, paper or food.

More important, they argue, abandoning the import curbs would invite foreign steelmakers to again flood the United States with government-subsidized products at prices that do not cover their costs.

Thomas C. Graham, president of the U.S. Corp.'s steel division, said the restraint agreements have only just begun to become effective.

"They have not been operating long enough to do the job yet," he said. While the debate on import quotas has brought unusual solidarity

among the steel industry, it has fractured the various groups of steel-buying customers.

Many customers, particularly those in the automobile and appliance industries, support extension of the quotas. This is mainly because their large-scale buying and long-term contracts tend to keep their price increases minuscule.

But a smaller, more vocal group of steel customers has emerged in the last year. Led by Caterpillar Inc., the tractor maker, the Coalition of American Steel Using Manufacturers has been waging a campaign to end the quotas. They acknowledge that the price increases have been relatively small for all steel products, but they contend that costs for some goods have soared.

For example, U.S. prices of plate steel products, which are widely used in construction equipment, have risen more than 33 percent since 1985, and steel bar products are up 32 percent, according to the International Trade Commission.

Financial sources said Hong Kong, which attends annual meetings of the IMF and World Bank as part of Britain's delegation, would join China's delegation after 1997.

2 Large Chicago Exchanges Diverge on Futures Strategy

Washington Post Service

BOCA RATON, Florida — The two big Chicago exchanges that created and dominate the futures industry are diverging in their strategies to deal with the government investigation into possible widespread fraud in their operations and on technological advances.

The differences, highlighted at the annual convention of the Futures Industry Association, partly reflect the different outlooks of the Chicago Board of Trade and the Chicago Mercantile Exchange.

The Merc, which led the way in creating financial contracts such as stock index futures, has a reputation as the more aggressive. The Board of Trade has ventured only a short distance from the agriculture products that helped it grow into the biggest stock market in the world.

One issue raised by the investigation is whether brokers should be allowed to trade for themselves at the same time they are handling orders for customers, a practice known as dual trading.

Karsten Mahlmann, the Board of Trade chairman, defended the practice, saying dual trading is a misnomer that wrongly implies a conflict of interest. Not all brokers trade for themselves, he said, and customers can choose those that do not.

Banning dual trading, he said, would drive some brokers out of business, leading to less competition and thus higher costs.

On the other hand, William Brodsky, president of the Merc, said 95 percent of customer orders in stock-index futures are handled by brokers who are prohibited by exchange rules from dual trading.

On the automated trading issue as well, Merc officials emphasized their willingness to move away from traditional business practices defended by the Board of Trade.

Both exchanges are developing computerized systems meant to lead to worldwide 24-hour-a-day trading. Both say the systems, which would operate when their trading pits are closed at night, will help the United States maintain dominance by creating global markets for currencies,

petroleum and government bonds. The Merc a few months ago announced creation of a system called Globex in partnership with Reuters PLC. The Sydney Futures Exchange, the French MATIF futures market and the New York Commodity Exchange already have joined Globex, which is supposed to begin limited operation this fall.

The Board of Trade, which handles more business than the Merc and the next three largest exchanges combined, on Friday unveiled its own version of automated trading.

Called Aurora, it is like a video-game version of conventional trading. The screen shows a futures pit, with traders represented by little badges like the ones now worn on the floor in Chicago. The badges are to be red for buyers and blue for sellers, with the amount each wants to trade shown on the badge.

Hong Kong To Keep Status In Loan Bodies

Reuters

BEIJING — China and Britain have agreed that Hong Kong would continue to participate in the International Monetary Fund and World Bank after the British colony's scheduled reversion to Chinese rule in 1997, according to a joint statement.

The statement was issued Friday, after four days of talks by the Sino-British Liaison Group, a joint team set up to promote a smooth Hong Kong transition to Chinese rule under a 1984 accord.

Financial sources said Hong Kong, which attends annual meetings of the IMF and World Bank as part of Britain's delegation, would join China's delegation after 1997.

D.G.C. DOSSIER DE GESTION COLLECTIVE S.A.

5, boulevard de la Foire

LUXEMBOURG

Membres les actionnaires sont priés d'assister à une

ASSEMBLEE GENERALE EXTRAORDINAIRE

qui se tiendra le jeudi 30 mars 1989 à 11 heures, à son nouveau siège social, à l'adresse ci-dessous, sur les objets suivants:

ORDRE DU JOUR

1. Rapport du Conseil d'Administration sur les modifications proposées aux statuts d'investissement, de la loi à la mise en concordance avec les dispositions légales et réglementaires en vigueur pour l'investissement de la Société en tant qu'organisme de placement collectif en valeurs mobilières ("D.G.C.") sous la loi du 30 mars 1988.

2. Transformation de la Société en SICAV.

3. Modification de l'objet social pour lui donner la teneur suivante: "La Société a pour objet l'acquisition et l'aliénation de toutes actions, parts, bons, obligations, certificats et autres valeurs mobilières, leur gestion et leur mise en valeur. La Société peut prendre toutes mesures et faire toutes opérations qu'elle juge utiles à l'accomplissement de son objet, y compris la souscription et la vente de valeurs mobilières et le placement de capitaux dans des sociétés à capital variable par la loi du 30 mars 1988 relatives aux opérations de placement collectif en valeurs mobilières en tant qu'organisme de placement collectif."

4. Décision de modifier le statut de la Société pour une durée illimitée.

5. Décision d'annuler le règlement établi conformément à l'article 87 des statuts.

6. Décision de statuer sur les propositions de modification de la définition des investissements portés à l'ordre du jour de l'Assemblée Générale Extraordinaire et sur les propositions de modification des statuts de la Société.

7. Nomination d'administrateurs.

Les modifications statutaires ci-dessus exigent un quorum de présence des deux-tiers des actionnaires et un quorum de vote des trois-quarts des actionnaires présents ou représentés.

Pour pouvoir prendre part à l'Assemblée, les actionnaires sont priés de se conformer à l'article 85 des statuts.

Le Conseil d'Administration

ISA ASIAN INCOME FUND

NOTICE is hereby given that the Managers of the above Unit Trust have decided to pay a dividend of US\$0.522 per Unit payable on 12th April 1989 to Unitholders whose names appear on the Register of Unitholders on 29th March 1989 in respect of Units held by them on 29th March 1989.

Holders of Bearer Units should send Coupon No.2 to the specified offices of any of the Paying Agents listed in the Explanatory Memorandum. Holders of Bearer Units in Hong Kong should send Coupon No. 2 to Indosuez Asia Investment Services Limited at Suite 2606, One Exchange Square, 8 Connaught Place.

Holders of Bearer Units who wish their dividends to be reinvested in Units in the above Unit Trust Fund should notify Indosuez Asia Investment Services Limited at the above address on or before 6th April 1989 in order to qualify for the issue price applicable on 29th March 1989, as published on 31st March 1989. Those who notify after 6th April, 1989 should note that the issue price then applicable could be higher or lower than the issue price applicable on 29th March 1989.

By Order of:

Indosuez Asia Investment Services Limited
The ManagersBanque Indosuez Luxembourg
The Trustee

20th March, 1989

ISA PACIFIC GOLD FUND

NOTICE is hereby given that the Managers of the above Unit Trust have decided to pay a dividend of US\$0.38 per Unit payable on 11th April 1989 to Unitholders whose names appear on the Register of Unitholders on 28th March 1989 in respect of Units held by them on 28th March 1989.

Holders of Bearer Units should send Coupon No.2 to the specified offices of any of the Paying Agents listed in the Explanatory Memorandum. Holders of Bearer Units in Hong Kong should send Coupon No. 2 to Indosuez Asia Investment Services Limited at Suite 2606, One Exchange Square, 8 Connaught Place.

Holders of Bearer Units who wish their dividends to be reinvested in Units in the above Unit Trust Fund should notify Indosuez Asia Investment Services Limited at the above address on or before 4th April 1989 in order to qualify for the issue price applicable on 28th March 1989, as published on 30th March 1989. Those who notify after 4th April, 1989 should note that the issue price then applicable could be higher or lower than the issue price applicable on 28th March 1989.

By Order of:

Indosuez Asia Investment Services Limited
The ManagersBanque Indosuez Luxembourg
The Trustee

20th March, 1989

SOVIET: U.S. Firms See Market

(Continued from first finance page)

compare the two because of the nonconvertibility of the ruble. Moreover, unlike the Japanese, who see virtue in hoarding their cash, the Soviets would prefer to spend it. Judging by the brisk trade on the black market, price is no object. Recent visitors to Moscow reported that a pair of Western jeans goes for about 100 rubles, the equivalent of \$161, while a stereo can run as high as 4,000 rubles, about \$6,400.

"If you went to Moscow today with just the clothes on your back," said Ed Hewitt, a Soviet specialist with the Brookings Institution in Washington, "you could come back naked with suitcases full of money."

But it is the quality not the quantity of money that remains the biggest obstacle to closer trading ties with the Soviets. Despite the military might and global influence of the Soviet Union, the ruble is hardly anyone's currency of choice. And even estimates of its worth are open to dispute. Officially, the ruble is currently valued at about \$1.60, about 6 to 8 times what it is worth on the black market.

The Kremlin has announced plans to make the ruble fully exchangeable. Next January, for instance, the government will pay Soviet exporters a 100 percent premium if they exchange their hard currency earnings for rubles; in effect, a 50 percent devaluation. But Western economists believe it may take another decade before rubles are convertible.

At the same time, the Soviet government is reluctant to part with its limited supply of hard currency to pay for consumer goods. Because of the downturn in energy and gold prices, the U.S. Commerce Department estimates that the Soviets earned the equivalent of \$30 billion in hard currency last year, roughly the same as Denmark. Five years ago, the figure stood at \$32.4 billion.

To get around currency impediments, Western companies have to rely on some creative deal-making to ensure that they can repatriate their earnings. This usually involves some kind of counter-trade arrangement that allows the Soviets to sell something to the West to earn the hard currency needed to pay for the imports.

"It's dollar for dollar. You have to be buying something," Mr. Kendall said.

Pepsi, which has 21 bottling plants in the Soviet Union, has had a barter arrangement since 1972 in which it imports Stolichnaya vodka. In turn, the Soviets use their dollar earnings to buy Pepsi concentrate used to make the cola drink. The Soviets consume about 35 million cases of Pepsi a year, paying for much of it with the proceeds from one million cases of Stolichnaya sold annually in the United States.

The problem for U.S. businessmen, however, is that the Soviets do not have much to offer American consumers. This increasingly forces executives to comb the Soviet hinterland for marketable products. To expand its business, for example, Pepsi is trying to sell Soviet oil tankers.

An answer to the dearth of exportable Soviet goods may be a more complex arrangement put forward by the so-called American Trade Consortium. Six blue-chip U.S. companies that make up the group — Archer-Daniels-Midland Co., Chevron Corp., Kodak, Ford Motor, Johnson & Johnson and RJR Nabisco — are close to completing the biggest Western trade deal yet with the Soviets.

Much of the proposed agreement is secret, and consortium members are reluctant to comment about negotiations other than to say they have received guarantees that they would be able to exchange their rubles at negotiated rates.

Central to the deal would be the success of Chevron's proposed joint venture to find and develop Soviet oil reserves for export. This would generate enough hard currency to allow the other companies to repatriate profits. But it is still not clear how the exchange-rate mechanism would work.

If the agreement is signed in early April as planned, each company would negotiate its own joint ventures with Soviet partners.

Whether this latest round of deal-making will reap the riches that American companies envision is difficult to say. Most concerns are that big profits were at least a decade off, but they said they believed it was important to establish a Soviet beachhead now.

Inflation Fears Distress Investors

Compiled by Our Staff From Dispatches

NEW YORK — Prices of U.S. Treasury bonds ended sharply lower last week, with the bellwether 30-year bond plunging nearly 2 points on Friday after a U.S. price report renewed concerns about rising inflation and interest rates.

The Treasury's 8 1/2 percent bond due in 2019 plunged to 95 24/32 from 97 1/32 the previous Friday. At the lower price, the bond yielded 9.29 percent, up from 9.15 percent. On Thursday, the yield was 9.11 percent.

The bond market began selling off immediately after the Labor Department issued a report early Friday showing wholesale prices rose a much sharper-than-expected 1 percent in February, equaling January's rise, said Robert Guzman, a bond market analyst for Salomon Brothers Inc.

The price slide indicated that investors thought the Federal Reserve Board would push interest rates higher to discourage borrowing and slow economic growth as a way to counter inflation. "The Fed will wait to see the consumer price numbers on Tuesday," said Alan Sinai, chief economist at The Boston Co. "But the producer price number was shocking. There is no relief on inflation, even if the economy softens or slows down significantly."

The break above the 9.25 percent level shows that 9.50 percent will be the next target," said Roger A. Froehlich, president of Technical Dimensions, a bond advisory service in Mt. Kisco, New York. "We see further increases in yields for at least the next six months, and perhaps through year-end."

Analysts at Merrill Lynch & Co. said that "under the circumstances, the next Fed tightening will be coming sooner rather than later." They added, "During the next few weeks the Fed will take the overnight federal funds rate to 10 percent or 10.25 percent. Other short-term rates will rise accordingly."

The closely watched federal funds rate, the charge on overnight loans between banks, was virtually the only interest rate that did not shoot up in the wake of the release of the producer price numbers. Federal funds ended the week at 9.625 percent, down from 9.750 percent the previous Friday.

The producer price report came

at the end of a week in which several other economic statistics indicated weakening U.S. growth.

On Wednesday, the Commerce Department reported that the U.S. merchandise trade deficit narrowed in January to \$9.5 billion, the smallest deficit since October and a \$1.5 billion improvement from December.

Government reports released Thursday showed new home construction dropped 11.4 percent in February, industrial production failed to rise for the first time since February 1987, and factory operating rates eased.

"The other numbers this week made market participants believe that inflation is not for real," said Thomas Zucosky, president of Aegis Capital Management Corp. When Friday's wholesale price report came out, "it just slipped them across the face and said, 'Guess what? It is for real.'"

In the corporate sector, \$2.25 billion of investment grade issues came to market, including \$1.2 billion in General Electric Capital Corp. one-year notes.

The offering was the largest sale

of investment-grade corporate debt over, breaking the \$1.1 billion set a year ago by Eastman Kodak Co.

The mortgage sector of the market "seriously underperformed this week" because of selling by thrifts to reduce their mortgage portfolios as well as mutual fund selling, Mr. Guzman noted. (UPI, NYT)

Treasury Bonds

March 17

Close

March 17

March 17

March 17

March 17

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March 17

OTC Consolidated trading for week ended Friday.

(Continued on next page)

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MONDAY SPORTS

Georgetown Rolls Into NCAA Regional Semifinals



Sean Elliott, who scored 25 points, had Clemson's Elden Campbell, center, and David Young guarding each other as the all-America passed off. Arizona broke away to a 94-68 victory in the West.

EAST: Notre Dame Is Overtaken, 81-74

The Associated Press
PROVIDENCE, Rhode Island — Charles Smith scored 28 of his 34 points in the second half as Georgetown beat Notre Dame, 81-74, Sunday to advance to the East Regional semifinals of the NCAA basketball tournament.

Georgetown entered the tournament as one of the favorites to gain the national semifinals in Seattle, where they won their last college title in 1984. They won the Big East tournament with an average winning margin of 20.6 points.

The Hoyas trailed by as much as seven points, at 34-27, before closing to 36-26 by halftime on a three-point shot by Smith at the buzzer.

The Fighting Irish took their last lead, 57-55, on two free throws by Darrin Sweet with 10:06 to play.

Alonso Mourning, who finished with 17 points, made a three-point play 29 seconds later, and the Hoyas took the lead for good.

Smith, the Big East player of the year, made eight of nine shots in the second half and finished with six assists and three steals. Those numbers were far better than his 2-for-12 shooting performance on Friday, when the Hoyas struggled to hold off Princeton, 50-49, in what would have been a major upset.

"I had never seen him play the way he played for a game and a half," said the Georgetown coach, John Thompson. "I never understood about the phoenix rising out of the ashes, but when I saw that look in his eyes in the second half I said 'He's back. Thank God.'"

Smith had made consecutive three-pointers to give the Hoyas their first lead of the second half, at 46-44, and he scored seven points while Mourning had five, in a 13-7 run that gave the Hoyas a 75-66 lead with 1:09 left.

The Fighting Irish did not score for 4:04 while the Hoyas scored the final eight points of that run. Georgetown then made five of seven free throws in the final minute.

LaPhonso Ellis, who was forced to sit out the final eight minutes of the first half with two fouls, led the Fighting Irish with 18 points while Joe Fredrick added 16.

In second-round games Saturday in Greensboro, North Carolina:
Duke 70, West Virginia 63; Danny Ferry scored 20 points, and freshman Christian Laettner added 12 of his 14 in the second half for the Blue Devils.

When the Mountaineers pulled to 62-61 on a three-pointer by Herb Brooks with 3:01 left, Laettner scored on a lay-up and Ferry made two free throws with 1:58 to play for a 66-61 Duke advantage.

Duke took a 67-63 lead with 34 seconds to play when Phil Henderson made one of two free throws with 34 seconds left.

Minnesota 80, Siena 67: Willie Burton scored 19 points as the Gophers ended the Saints' hopes of being the surprise team of the tournament.

A jumper by Kevin Lynch with 8:27 left gave Minnesota the lead for good at 58-57. The Gophers then opened up the game with a 14-1 run.

Minnesota went up by 12 in the first six minutes of the second half, but Siena took the lead at 55-54 on Jeff Robinson's three-pointer with 9:41 left.

In first-round games Friday in Providence:
Georgetown 59, Princeton 49: A free throw by Mourning with 23 seconds to play gave the Hoyas the lead, and he then blocked two shots in the last six seconds to prevent the upset.

Princeton had two final chances to win, but Mourning, who had tied the game at 49 on two free throws with 1:41 to go, blocked a three-point attempt by Bob Scarbis with six seconds left, then Kit Mueller's shot with a second left.

Notre Dame 81, Vanderbilt 65: Joe Fredrick scored 20 points and LaPhonso Ellis got 17 as the Fighting Irish pulled away in the second half. Notre Dame saw its lead cut to 40-36 with 16:49 left, but then went on a 21-6 run that made it 61-42 with 9:10 to go.

Arkansas 83, Louisiana State 74: Cornelius Holden blocked a shot by Arkansas's Lenzie Howell as Louisville advanced in the Midwest Regional tournament, 93-84.



Cornelius Holden blocked a shot by Arkansas's Lenzie Howell as Louisville advanced in the Midwest Regional tournament, 93-84.

MIDWEST: Missouri Stops Texas, 108-89

The Associated Press
DALLAS — Dong Smith scored a career-high 32 points as Missouri triumphed over Texas, 108-89, Sunday to move into the Midwest Regional semifinals.

It was the first time since 1982 that the Tigers advanced into the regional championship round. The Longhorns led briefly, 25-

20, but the Tigers dominated in rebounds and defense. They also were helped by Lee Coward, who had three of his three-point shots in the second half.

Missouri led 51-41 by halftime, powered by 16 points from Smith. In the second half, the Longhorns trailed by as little as six points.

But Missouri pulled away in the final 10 minutes on baskets by Smith and reserve Greg Church, who had 14 points.

In second-round games on Saturday in Indianapolis:
Illinois 72, Ball State 60: Illinois, led by Nick Anderson with 24 points, forced Ball State to make 12 of its 17 turnovers in the first half, eight coming on steals by the Illini.

Four more Cardinal errors in the first four minutes of the second half helped the Illini to the first of three 15-point leads, their biggest of the game.

A final comeback attempt ended midway through the second half with an 8-2 Illinois run after Ball State had closed to six.

Louisville 93, Arkansas 84: Kenny Payne scored eight points in a 12-0 run that gave the Cardinals a 64-48 lead early in the second half.

Baskets by Felton Spencer and Pervis Ellison gave Louisville its biggest lead, 68-50, moments later. Todd Day, who led Arkansas with 20 points, then started a 10-2 run that pulled the Razorbacks to 81-75 with 4:53 to play.

Arkansas missed three chances to pull closer before Louisville went on a six-point run.

In first-round games Friday in Dallas:
Colorado State 68, Florida 46: Joel Tribelhorn scored 20 points, making four three-point shots, as the Rams controlled the tempo and held the Gators to their lowest point total of the season.

The Rams widened their 31-22 halftime advantage in the opening minutes of the second half, with Trent Shipp and Tribelhorn sinking consecutive three-pointers to extend the score to 39-26.

Texas 76, Georgia Tech 70: Travis Mays, who made five three-point shots, scored 23 points as the Longhorns held on to their 43-33 halftime lead.

The Yellow Jackets cut the Texas advantage to three points in the second half, but Joe Wright and Alvin Higgs, who each had 17 points, helped keep the Longhorns in front.

Missouri 85, Creighton 69: Byron Irvin scored 25 points as the Tigers, trailing by 39-37 at halftime, took the lead for good at 51-50 with 16:25 to play on a basket by Gary Leonard.

SOUTHEAST: Michigan Downs South Alabama, 91-82

The Associated Press
ATLANTA — Glen Rice scored 36 points, and Terry Mills had 24, as Michigan defeated South Alabama, 91-82, Sunday to move into the Southeast Regional semifinals.

Mills broke an 80-80 tie with 2:17 left with a three-point play, and Rice followed 45 seconds later with a three-point basket.

Demetrius Calip then made a free throw and Mills got two more to make it 89-80 and put the game out of reach with 38 seconds left.

The Jaguars, who on Friday beat Alabama, 86-84, led 57-51 four minutes into the second half before Rice and Mills led a Wolverine rally that produced a tie at 67 with under 12 minutes to play.

In second-round games on Saturday in Nashville, Tennessee:
Oklahoma 124, Louisiana Tech 81: Mookie Blaylock scored 34 points and Stacey King had 21, plus 15 rebounds, as the Sooners set a tournament record for points. They eclipsed the mark of 123 North Carolina set against Loyola-Marymount last season.

The Sooners stretched their lead to 24 points by halftime and Louisiana Tech got no closer in the second half.

Virginia 104, Middle Tennessee 88: Richard Morgan scored 33 points and Bryant Smith got 26 as the Cavaliers, who led by 48-39 at the half, dominated the rest of the game.

Jim Crotty scored 25 points for Virginia, making three key baskets when Virginia outscored the Blue Raiders by 15-7 in the last 4:55.

In first-round games Friday in Atlanta:
UCLA 84, Iowa State 74: Poch Richardson had 19 points and keyed a 10-0 run in the second half with two baskets and an assist to put the Bruins back on top after the Cyclones had taken a 60-59 lead with 8:14 left.

Richardson scored on two fast-break lay-ups and capped the run when he fed Charles Rochelein for another lay-up and a 69-60 lead with 6:10 left.

Iowa State scored six straight points to close to three, but Trevor Wilson of UCLA made two free throws and Richardson sank a three-point shot for a 74-66 lead with 2:53 left.

North Carolina 93, Southern University 79: The Tar heels trailed by 10 points with less than seven minutes gone in the game before J.R. Reid and Kevin Madden sparked a comeback. Madden and Reid each scored eight points in 33-11 run that put their team ahead for good.

The Jaguars had used four consecutive three-point baskets, three by Bobby Phils, to take a 21-11 lead over the heavily favored Tar Heels.

But Reid, North Carolina's leading scorer, was suspended for Sunday's game against UCLA for violating curfew Friday night.

"We have very few rules on our basketball team, and all of our rules are made by our seniors," said the coach, Dean Smith.

WEST: Seton Hall Halts Rally by Evansville to Win, 87-73

The Associated Press
TUCSON, Arizona — A three-point shot by Andrew Gaze, followed by a lay-up by Gerald Greene, capped the late scoring and helped Seton Hall hold off Evansville, 87-73, Sunday and gain a berth at the West Regional semifinals.

The Pirates held Evansville scoreless for the last 5:06 after the Aces pulled to 74-73 on a 13-point run. Gaze's three-pointer made it 77-73, and Greene's lay-up put the game away.

Reed Crafton keyed the 34-minute scoring run that got Evansville back into the game after Seton Hall started the second half on an 11-point run for a 60-41 lead.

With the score 74-60, Scott Haffner of Evansville made a lay-up and Crafton hit a three-pointer, then forced a steal to set up a three-point shot by Haffner. Crafton then hit his second three-pointer in the sequence, stole the ball again, and made two free throws at 5:06.

Evansville defeated Oregon State, 94-90, in overtime on Friday.

In second-round games on Saturday in Boise, Idaho:
Arizona 94, Clemson 68: Sean Elliott scored 25 points as Arizona took control in the first half.

The Tigers led, 25-23, on Ricky Jones's 19-foot (5.8-meter) jump shot with 10:11 to play in the first half. Arizona scored the next 16 points to take a 39-25 lead on Matt Muehlebach's steal and lay-up with 4:39 to play.

The Tigers finally scored when Derrick Forrest sank two free throws with 1:49 left in the half.

Clemson had committed 13 turnovers during Arizona's 16-0 run.

After trailing by nine at halftime, the Tigers came out strong. Two three-point shots by Forrest and a dunk by Eldon Campbell pulled them to 49-45 with 16:06 to play.

Muehlebach hit two three-pointers and Elliott scored on a drive to boost the lead back to 57-45.

Nevada-Las Vegas 85, DePaul 70: David Butler scored 23 points as the Runnin' Rebels broke open a close game with a 12-0 run early in the second half.

Butler had four of his points during the 12-0 spurt that snapped a tie at 44 with 18 minutes to play and put the Runnin' Rebels ahead for the rest of the game.

In first-round games Friday in Tucson:
Indiana 99, George Mason 85:

Eric Anderson had 15 points and led a balanced attack as the Hoosiers outscored the Patriots, 35-6, in the final 11 minutes of the first half to take command. The Patriots fell behind by as many as 33 points early in the second half.

Seton Hall 60, Southwest Missouri State 51: Four free throws by John Morton in the final 1:26 enabled the Pirates to pull away.

Leading by 50-48 with 2:40 left, Seton Hall held the Bears to one free throw and a basket. Morton led the Pirates with 26 points.

Texas-El Paso 85, Louisiana State 74: Louisiana State tied the game at 13 all on two free throws by Lyle Mouton, but Texas-El Paso then scored 15 straight points and the Tigers never again came closer than seven points.

In first-round games Friday in Tucson:
Indiana 99, George Mason 85:

With a Season Ended, Only the Irish Grieve

By Bob Donahue
International Herald Tribune

PARIS — An era is dead, long live the new era! Nobody said that in 90 many words this past rugby weekend, but such is the mind-set in Europe at the end of its most promising winter of the 1980s.

In one happy respect the decade has been Scotland's. Five Nations matches involving Scotland have produced the

FIVE NATIONS RUGBY

most tries. "Rugby is about trying to enjoy yourselves," Finlay Calder, the Scottish captain, reminded reporters in Paris late Saturday night. That sort of positive attitude has made Scotland's matches the best to watch.

Yet it had been France's day. The French can now retire some of their veterans and rebuild on a platform of sustained prestige. Victory over Scotland, 19-3, gave France the Five Nations title for the fourth straight year — a feat that England, Scotland, Ireland and Wales have never managed. (The French also did it from 1959 to 1962.)

The Welsh, with their 12-9 upset of England in Cardiff on Saturday, kept the English out of first place and left France in. So at last the young Welsh team has a success to build on.

The Scots, also a young team, finished with 75 points, just one less than France. (England totaled 48, Ireland 64 and Wales 44.) They drew with England at Twickenham and scored five tries against Ireland. They know they should be a force

to reckon with at the 1991 World Cup. The English, not yet as good as they sometimes thought, did whip France at Twickenham, 11-0. And all they needed was a single try in Cardiff to finish alone in first place. An imposing pack of forwards will expect even better results next year if back play matures.

Only the Irish have cause to grieve. They have allowed 26 tries and scored only 10 in the last two tournaments. Still, they were good enough to give France a scare in Dublin in January, beat Wales in Cardiff in February and lead Scotland at halftime in Edinburgh in March.

France finished with three victories, ahead of Scotland and England with two and a draw each. Ireland and Wales finished last with a victory each.

While rain helped darken Saturday's fanatical battle in Cardiff, the sun shone in Paris on "a cracker of a match," as Tom Pearson, Scotland's president, put it.

The early pressure was Scottish as Calder, fellow flanker John Jeffrey and No. 8 Derek White outplayed France's loose forwards. When France lost the ball in a scrum near the Scottish line at the start of the second quarter and the Scots kicked their way upfield to the French end, a Scottish victory seemed to be in the air.

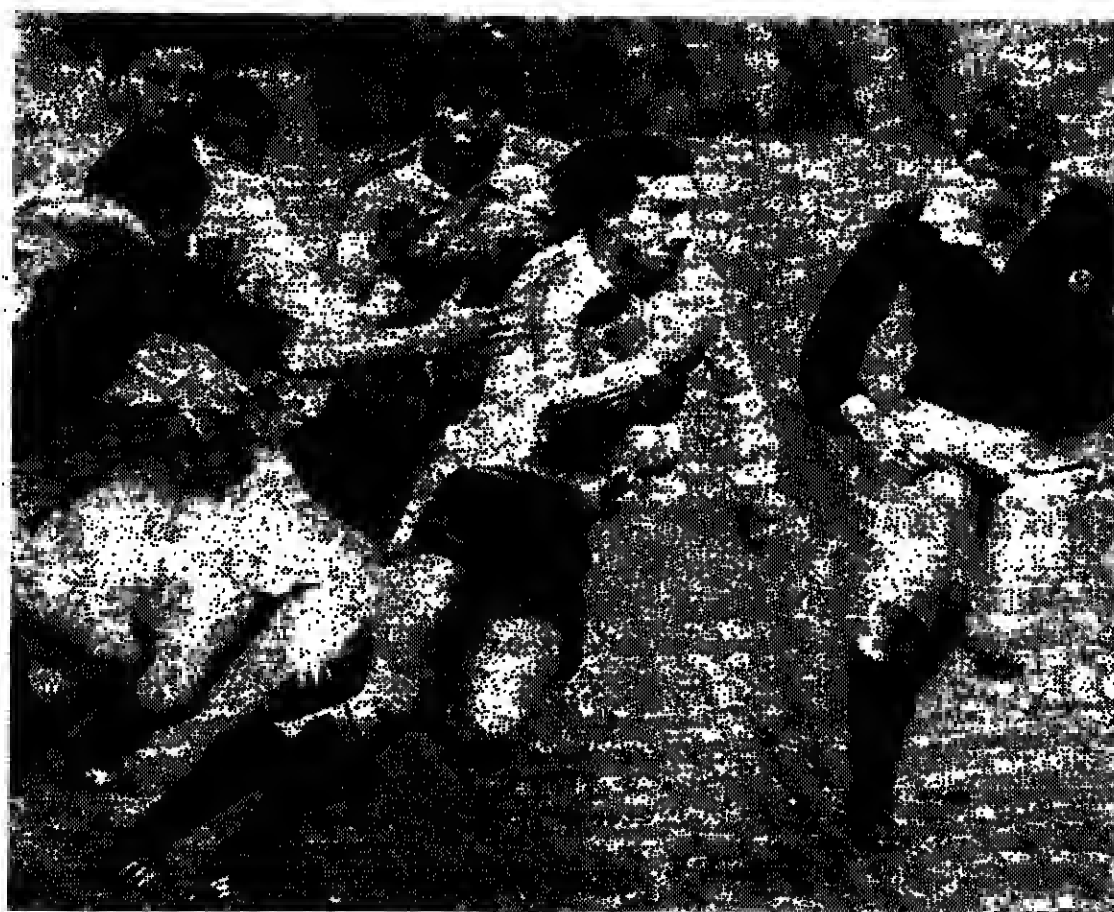
Peter Dods slotted a penalty goal and the French were indeed behind.

But those were Scotland's last points. The French scored tries just before and after halftime, then a penalty goal and a third try for good measure. (See Scoreboard.) The explanation, hidden from easy view, was in the scrums.

half. Flyhalf Paul Turner chose Rory Underwood, England's right wing, as target for a towering punt. Underwood bobbed, then eventually sent a pass to fullback Jon Webb that was yards wide. Mike Hall, a Welsh center, got the touch-down in a furious melee.

Was it a simple mistake or something more significant — Underwood drained by the pressure, by the realization that the old, old story was being retold?

The try made it 12-9, and there was no way the size and strength of the English could pull them back. They simply did not have the morale.



Philippe Sella, who set up France's third try, broke away from the Scots, including captain Finlay Calder, right.

Told that his team had looked menacing, Calder replied that in fact it was "on the ropes" in the first half. Fittingly, it was from a scrum that Pierre Barthelemy, the French scrumhalf and captain, ran for

the try that put France ahead for good. Serge Blanco's 27th career try was his fourth in this year's tournament — as many as all of England's players managed among them.

The third try, scored by Patrice Lagisquet on a pass from Marc Andrieu, was launched by Philippe Sella, leaping to field a high punt from Franck Messel.

The Scots gamely ran at the French in the last quarter, eschewing half a dozen chances to attempt penalty goals. That will need to be noted when this 16-point margin is recalled as France's second biggest against Scotland of all time.

Scotland still hasn't won in Paris since 1969. Eleven home victories in Edinburgh and Paris — starting in 1979 — make the longest such string in any Five Nations series. And France has now won 15 straight Five Nations matches at home, equalling the great Welsh string in Cardiff from 1975 to 1982.

The English will come to Paris next February. By then, the world's top two active rugby powers (South Africa is inactive) will have faced each other when the French tour New Zealand in June. Calder wished the French well: "You are the best-equipped side to take the Kiwis on."

The final quarter was a denial of all that the English have been trying to achieve. They were desperate to raise the Welsh siege but resorted to a series of doomed back movements in which basic skills were lacking and panic was visible.

After the match, the warring parties of the four British Isles tribes began a final round of meetings to select the Lions squad to tour Australia in June and July. The names are to be announced in London on Wednesday. The two defeated teams of Saturday probably will provide at least two-thirds of the 30 players, with Finlay Calder of Scotland as captain.

Ito Soars to Perfection, Wins Japan's First Title

The Associated Press
PARIS — Midori Ito of Japan won the women's World Figure Skating championship Saturday with a performance that awed not only the judges but the other skaters.

Ito performed the first triple axel by a woman in a major international competition, broke two records and took the heart out of her rivals with a dazzling display of jumping as she became Japan's first figure skating champion.

She skated a flawless routine that earned her five perfect marks of 6.0 for technical merit.

"I had no pressure on me," Ito said after winning a showdown with Claudia Leistner of West Germany and Jill Trenary, the American champion, who both made crucial mistakes. "I think I skated 100 percent."

Trenary was in the lead going into Saturday's free skating, which counted for 50 percent of the total mark.

"It was not a matter of gaining gold, silver or bronze," she said. "I just wanted to skate well. There was no doubt in my mind that Ito would do it. She's an excellent free skater. But I let my nerves get to me more than ever before."

Trenary also allowed Leistner, the European champion, overtake her for the silver medal.

Fifty seconds into her routine, she performed her triple axel, landing almost perfectly.

It was the perfect finale to the five-day championships in which Kurt Browning of Canada won the men's gold medal ahead of Christopher Bowman of the United States.

Katerina Gordeeva and Sergei Grinkov of the Soviet Union won the pairs event and another Soviet couple, Marina Klimova and Sergei Ponomarenko, took the ice dance title.

Leistner, who was overtaken by Trenary in Friday's short program, fell on her first triple jump but recovered and finished strongly without any more errors.

Ito, who was third going into the free skating portion, followed with her spectacular performance.

Trenary then needed a strong display to beat Leistner and a perfect one to stand a remote chance of catching Ito. But she failed on most of her triple jumps, and lost her way in a performance that lacked confidence.

On Friday, Klimova and Ponomarenko earned their first ice dance title



Midori Ito won five perfect marks of 6.0 with her free-skating program.

with a routine that earned them six perfect marks of 6.0.

Another Soviet couple, Maia Usva and Alexander Zhulin, won the silver, while Isabelle and Paul Duchesnay of France took the bronze.

Klimova and Ponomarenko only needed to play it safe to take the gold after dominating the earlier sections of the ice dance competition.

Their light-hearted characterization of the Three Penny Opera earned them five marks of 6.0 for artistic impression and one for technical merit.

In Cardiff, an Old, Sad Tale Became a New Lament for England

By Stephen Jones
Special to the Herald Tribune

CARDIFF, Wales — John Ryan was sarcastic. "It was a tremendous achievement that what was supposed to be Europe's worst side to beat Europe's best side," the Welsh coach said after a 12-9 defeat of England broke a string of six Welsh losses against major countries.

England's followers had been positive that the walls of Cardiff had finally crumbled and England would take the city unopposed. It did not win in Cardiff since 1963, but the season so far had been one of Welsh misery and English boom.

Cruelly for England, everything was as normal. Welsh spirit revived for the occasion, and in a thunderous second half the English were trapped in their own territory, locked in by a mighty Welsh resurgence and by their own anxieties.

Robert Norster dominated England in the lineouts with an astonishing display of physical commitment and sleight of hand. England's giant forwards had overpowered the French two weeks before, but now Norster shut them out.

The match turned dramatically in favor of Wales at the start of the second

